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George Will's Baseball—A Conservative Critique
Donald Kagan

The Romantic Fallacy in Baseball—A Reply
George F. Will

Imagining Drug Legalization — *James B. Jacobs*

The Compelling Case for Youth Apprenticeships — *Robert I. Lerman & Hillard Pouncy*

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Our Nonexistent Housing Crisis — *Irving Welfeld*

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The Unreported Revolution in Population Economics — *Julian L. Simon*

FALL BOOKS SUPPLEMENT
Reviews by *Matthew Miller, Richard John Neuhaus, Harvey C. Mansfield, Jr., Abigail Thernstrom, Hadley Arkes, Allan H. Meltzer,* and *Diana Schaub*

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George Will's baseball—a conservative critique

DONALD KAGAN

BASEBALL, more than any other sport, has inspired good writing from important authors and gained serious attention from thoughtful people. From Ring Lardner's ignorant and mean-spirited "busher," Jack Keefe, to Mark Harris's intelligent and warm-hearted southpaw Henry Wiggen, to Bernard Malamud's mythical Arthurian hero, the "natural" Roy Hobbs, writers have used baseball and its players to say something about the world and the people in it. How someone sees the game and its players reveals the kind of person he is and what he values.

My friend Bart Giamatti was a student and explicator of epic poetry before he became president of Yale University, president of baseball's National League, and commissioner of baseball. He viewed the game as an epic, whose elements were simple and primordial: a man stood on a hill and hurled a rock at another man, who waited below with a tree trunk in his hands. (Malamud had a similar vision, in which the bat was "like a caveman's ax.") So it must have been from the time of the Stone Age. A dramatically heroic and potentially tragic confrontation stands at the heart of this most poetic game.

Donald Kagan is dean of Yale College, Colgate Professor of History and Classics at Yale University, and the author of a four-volume history of the Peloponnesian War.

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From a more classical perspective Giamatti regarded baseball as a kind of Homeric *Odyssey*. The batter is its hero. He begins at home, but his mission is to venture away from it, encountering various unforeseeable dangers. At each station opponents scheme to put him out by strength or skill or guile. Should they succeed he dies on the bases, defeated. If his own heroic talents are superior, however, he completes the circuit and returns victorious to home, there to be greeted with joy by the friends he left behind. But Giamatti knew the *Iliad*, too, and as a long-time Red Sox fan he believed that the tragic epic best corresponded to baseball; thus he observed that the game "was meant to break your heart."

That is not how George Will sees it. Educated at Connecticut's Trinity College and at Oxford and Princeton, the holder of a doctorate in political theory, a former professor himself and the son of a professor, he has become a Pulitzer Prize winning columnist and a political commentator on national television, and he has earned a reputation as the most thoughtful and urbane of conservative journalists. His best-selling book *Men at Work*[1] clearly shows his characteristic analytic intelligence, a witty and graceful writing style, a deep knowledge of baseball and its history, and a love for the game and the men who work at it in the major leagues. It is not a book, however, for those who look to the game for the celebration of that heroic greatness that can inspire and elevate the rest of us to admire a natural excellence that we ourselves can achieve only in dreams. His book is not for humanists, poets, or hero worshipers—but for systems analysts, social scientists, and computer programmers.

As we would expect from its author, it is no mere narrative account but makes a powerful argument. Supported by a formidable array of statistics and testimony from current participants, Will rejects the widespread assertion that baseball today is a degenerate perversion of the great game that once was. Critics point to the dilution of talent caused by the expansion from sixteen to twenty-six teams, and to the unseasoned and untutored players who still must learn the rudiments of the game when they are brought too soon to the majors to fill out the added rosters. They complain of the absence of the great dynastic championship teams that we knew in better times, the decline of hitting (the most difficult and most ex-

[1]George F. Will. *Men at Work: The Craft of Baseball*. Macmillan Publishing. 368 pp. $19.95.

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citing part of the game), the shortage of great players—in short, the mediocrity of baseball today.

Will dismisses these complaints as the usual crabbing of elders, almost as old as baseball itself. To him "the national pastime is better than ever in almost every way and is getting better every year." For this conclusion he offers three major reasons:

(1) The games are getting closer. The powerful 1988 American League champion Oakland Athletics scored only 180 runs more than their opponents for a per-game average margin of victory of 1.1 runs. The great Yankees of 1927 had an advantage more than twice that size—2.45 runs—and the Yankees of 1939 defeated their rivals by an average of 2.67 runs per game.

(2) Competition for the championships is becoming more equal. No team has won the World's Series for two consecutive years since the Yankees of 1977 and 1978. Since then there has been tremendous volatility: in the eleven seasons from 1979 through 1989 nine different teams won the American League pennant and seven won in the National League. Compare this with the dynasties that dominated the past: the New York Giants won four pennants in a row from 1921 through 1924; the Brooklyn Dodgers won six out of ten from 1947 through 1956, and the Los Angeles team that has usurped their name won three of four from 1963 through 1966. The greatest dynasty of all, of course, was created by the New York Yankees. From 1921 through 1928 they won six of eight pennants; from 1936 through 1943 they won seven of eight; from 1947 through 1964 they won fifteen of eighteen (winning four consecutive pennants once and five in a row twice during that last stretch).

(3) The culminating reason for the superiority of the modern game is that it is smarter; now, as never before, intelligence is the decisive element in the game.

The very name of his book is ominous for Will's approach to the subject: *Men at Work: The Craft of Baseball*. It is not a game but a *craft*; the participants do not play, they *work*. "Baseball was evolving from lower forms of activity about the time the colonies were evolving into a nation, and baseball became a mode of work—as distinct from a pastime—remarkably soon after the nation got going." The participants succeed at their craft as men do at any other, by means of hard work and intelligent study. Will knows, of course, that baseball players need physical ability and natural talent, but he mentions these as little as possible. In his

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view baseball has progressed and improved because intelligence and knowledge have come to the fore, aided by advances in technology. Charts, computers, and videotapes have made it possible to acquire and organize information better than ever before and therefore to use it more effectively and decisively. "Games are won by a combination of informed aggression and prudence based on information."

As George Orwell once put it, only an intellectual could believe that. This is the fantasy of a smart, skinny kid who desperately wants to believe that brains count more than the speed, power, and reckless courage of the big guys who can play, but it is also the dominant message of this book. More puzzling than this bizarre prejudice is Will's defense of the modern game against its detractors. As a conservative, a self-proclaimed Tory, he might be expected to be a *laudator temporis acti*, a praiser of the past even beyond justice. An admirer of a nobler time should look askance at the use of the designated hitter and other specialists who demean the all-roundedness esteemed by both the principle of aristocracy and liberal education.

Decline and fall

One need not be a conservative, however, to be appalled by what has happened to baseball. Aesthetically, the decline is evident. Baseball was meant to be played on nature's green grass in the sunshine. Bart Giamatti liked to point out that "paradise" derives from an Old Persian word that meant "enclosed park or green." Baseball responds to "a vestigial memory of an enclosed green space as a place of freedom or play." For Will, of course, it is a place of work—hard, dangerous, and exacting. Most modern baseball fields suit Will's vision better, for they are anything but parks, not to mention paradise. Many of them have replaced the grass with a surface hard as a pool table, whose covering has seams that sometimes come undone. In some of them the sky is shut out, turning the game into an indoor sport, like bowling and roller derby. The fields tend to be uniform and standardized, lacking the delightful peculiarities that real ball parks like Ebbets Field, Griffith Stadium, Crosley Field, and the Polo Grounds used to have. The modern stadia seem fake, manufactured, unnatural. They are noisy, distracting, and offensive places, where scoreboards ceaselessly blare rock music and show cartoons. They sound military charges, tell the fans when to cheer, and produce mechanized

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rhythmic noise that used to be supplied rarely, spontaneously, and at appropriate times by the collision of human palms. Everything possible is done to turn the spectator's attention from the game.

This may well be necessary, because the game has become much more boring. In the 1940s the Yankees began their games at three o'clock in the afternoon, and they were generally over by five. On June 25, 1990, a day picked at random, omitting a twelve-inning game that lasted four hours and fifteen minutes, twelve games were played in the major leagues. The quickest lasted over two and one-half hours, the longest over three and one-half; the average was two hours and forty-three minutes. This is not because there is more scoring today: the highest-scoring team in 1987 averaged 5.5 runs per game; the figure in 1941 was 5.6.

The percentage of elapsed time that involves significant action in a baseball game is always small, but it has become intolerably so. Part of the increased dead time results from a prodigal use of relief pitchers unknown in better days. Much of the rest consists of pitchers holding the ball or throwing to first to limit the running game that is the modern substitute for the most difficult part of the game and its life's blood—hitting. As Ted Williams neatly put it: "When you're coming towards the park and you're two blocks away, and you hear a tremendous cheer, that isn't because someone has thrown a strike. That's because someone has hit the ball." The threat posed by batters who can hit with consistency and power is what gives the game excitement and drama, and what provides the danger that alone makes great pitching and fielding impressive. Baseball was not meant to be a track meet, but the new fields—with their distant fences that make home runs into outs, and their hard surfaces that produce singles out of ordinary ground balls—are turning it into one.

Nor is the argument from equality compelling, for modern baseball is so equal because it is mediocre. The critics' complaints are sound; the quality of play is diminished everywhere, and no team can stock itself with enough talent to establish itself as a dynasty. Instead, an equality of incompetence reigns. The last time when great dynasties flourished was the 1950s, when the Yankees dominated the American League and the Dodgers controlled the National League almost as completely, challenged most successfully by an impressive Giants team. This is precisely the period that Will particularly scorns. Home runs, he tells us,

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> began to drive out other forms of offense. When home runs became the center of baseball's mental universe, the emphasis shifted away from advancing runners. The new emphasis was on just getting runners on base to wait for lightning to strike. The major league teams of the 1950s were like the American automobiles of the 1950s. There was not much variety or subtlety.... The stolen base was like the foreign car: It was considered cute and fun and not quite serious, and was not often seen....
>
> The wonder is that baseball took such a wrong turn in ... the 1950s. Yes, that was a conservative decade. The Eisenhower years have been characterized as "the bland leading the bland." Bland was fine in politics.... But baseball is entertainment and bland entertainment is not fun.... It was insufficiently entertaining because it was not sufficiently intelligent.

That is an extraordinary passage to be written by a conservative and a baseball fan. Consider the contempt for "wait[ing] for lightning to strike." That is just what thrilled fans did in the 1920s and 1930s, as they watched the Yankees of Ruth, Gehrig, and Lazzeri, waiting for their legendary "five o'clock lightning." Whatever else may be said of American cars of the fifties, they had size and power; *the* foreign car of the day was the Volkswagen beetle, a tiny simulacrum of an automobile, miserably cramped and powerless.

In defense of the fifties

The fifties were when the first great black players—Jackie Robinson, Willie Mays, Roy Campanella, Don Newcombe, Henry Aaron, Frank Robinson, and Ernie Banks—came into their own and raised the quality and excitement of the game to a new level. All the thrills offered by baseball were present in abundance. If you like hitting you could have enjoyed watching Stan Musial, Williams, Aaron, Mays, Duke Snider, Mickey Mantle, Yogi Berra, and Roberto Clemente. If pitching is to your taste you could have seen Bob Feller, Warren Spahn, Early Wynn, Whitey Ford, and a host of other outstanding hurlers. If defense is what you want, the fifties were graced with such brilliant shortstops as Pee Wee Reese, Phil Rizzuto, and Luis Aparicio. Stealing bases, to be sure, was an appropriately minor part of the game, but no one who saw Willie Mays run the bases will ever forget it, and the thrill of watching Jackie Robinson steal home cannot be matched.

In the fifties these great players were not scattered about one or two to a side, as at best they are today, but were often collected in one place to make a great team. At their peak the Dodgers terri-

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fied everyone with a lineup that included Robinson, Snider, Campanella, Gil Hodges, and Carl Furillo; and the 1951 Yankees could field a team that included Joe DiMaggio, Mantle, Berra, and Johnny Mize, who averaged 353 career home runs apiece. Great pitching staffs, with a depth not equalled in our time, were also assembled. The same Yankees had three pitchers (Allie Reynolds, Vic Raschi, and Eddie Lopat), each of whom averaged almost eighteen victories a season from 1950 through 1952; in 1953 they were joined by Ford, who won eighteen that year. The Cleveland staff of the same era—which included Feller, Wynn, Bob Lemon, and Mike Garcia—was even more impressive.

But even though pitching is generally conceded to be between 75 and 90 percent of the game, these Indians won only one pennant, in 1954, when they won 111 out of the 154 games (162 are played today) to beat out the Yankees, who won "only" 103. The Dodgers and Yankees faced stiff competition in the fifties, and there were tight pennant races. In fact, the 1950s witnessed two of the most thrilling pennant races and the single most miraculous game in the history of baseball. In 1950 the Phillies won the pennant by beating the Dodgers at Ebbets Field on the last day of the season on a tenth-inning home run by Dick Sisler. In 1951 the Giants came from thirteen games behind on August 11 to tie the Dodgers on the last day of the regular season. With the Giants trailing 4-2 in the bottom of the ninth inning of the third and final game of the playoffs, Bobby Thomson hit a three-run homer to win the game. It was the only time ever that the pennant was decided by the last pitch of the season.

Why does Will think that such a glorious era was dull? It was a time of heroic greatness and consistent excellence, when dynasties were challenged by other dynasties. The war between the Yankees and Dodgers extended from 1947 through 1956, a decade—the very length of the war between the Greeks and Trojans. It is true that most of the action took place in New York City among the Dodgers, Giants, and Yankees, and that Will is devoted to the Chicago Cubs. But in the twelfth century B.C. all the action was at Troy, and you didn't have to root for Troy or Argos or Ithaca to appreciate the show. Of course, the Cubs haven't won a pennant since 1945 or a World Series since Teddy Roosevelt was president; no doubt such lengthy frustration makes a man disgruntled and causes him to lose his judgment.

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How else can we explain Will's failure to appreciate the lost grandeur of baseball in the fifties? For the last time the national game held its place as part of nature, timeless and regular as Newton's universe. In the beginning God created sixteen major-league baseball teams, eight in the National League and eight in the American. Baseball was played on natural grass and mostly in the daytime. Each team played every other team in its league twenty-two times a season, eleven games at home and eleven away; the seventy-seven games at home and seventy-seven away made for a perfectly symmetrical season. The Yankees ruled this world as the Olympian gods ruled theirs. The mighty Dodgers and Giants challenged their supremacy as the Titans and Giants challenged the Olympians, and to no more avail. The Yankees ruled with steadiness, serenity, and justice, and only the unworthy gnashed their teeth in envy and prayed for chaos to shatter the unwelcome order.

Then, at last, the forces of disorder held sway. The Yankees, a pale copy of the great teams, won their last pennant of the era in 1964. Then came *Götterdämmerung*: burning cities at home, frustrating and divisive wars abroad, one president forced not to seek reelection and another to resign his office, debasement of the schools and universities, the rise of a drug culture, the collapse of sexual decorum and restraint.

If, in a future age, Western civilization should come to an end, some perceptive scholar will point with certainty to the era that marked the beginning of its decline. The first clear sign came in 1953, when the Boston Braves moved to Milwaukee; the next year the St. Louis Browns became the Baltimore Orioles. Beginning in 1961 new teams were added, and in 1969 each league was divided into two divisions. The Dark Ages had begun. It is not clear that we shall ever see a Renaissance. It boggles the mind that a serious thinker who passes for a conservative could applaud such a decline.

Overrating intelligence

What must lie behind Will's assessment is his passionate delusion that intelligence, not power, controls the modern degenerate game. Certainly, the men he admires most in the game today all rely on intelligence and on the new informational tools to enhance their success.

The heart of Will's book is a study of four such men: the manager Tony La Russa of Oakland, the pitcher Orel Hershiser of Los Angeles, the batter Tony Gwynn of San Diego, and the shortstop

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Cal Ripken of Baltimore. The choices are by no means obvious. It is true that managers like Casey Stengel, John McGraw, and Leo Durocher are no longer around, but it is most unlikely that Will would have chosen them if they were. No more did he choose the Cardinals' Whitey Herzog, the Dodgers' Tom Lasorda, or the Tigers' Sparky Anderson, highly successful managers who resemble those past greats in their blue-collar, extroverted, nonintellectual styles. Instead he chose La Russa, a fine manager who is greatly respected and has had remarkable success with two different teams, and who perfectly fits Will's model of the intellectual in baseball. He is the fifth manager in major-league history to hold a law degree and, as Will points out, the other four are in the Hall of Fame.

La Russa's Athletics have won the last three American League championships chiefly because they have the best hitters and pitchers in the league, but La Russa plays and talks a brainy game. It is the game that Will loves, in which runners aggressively take extra bases, and managers engage in intellectual warfare by stealing the enemy's signs and making complicated calculations. Will recounts that La Russa once precisely timed an opposing pitcher's natural delivery to the plate at 1.6 seconds, one-fifth of a second more than a good runner needs to steal second base. La Russa inserted a speedy pinch runner on first to take advantage of the opportunity. The pitcher adjusted to the danger by hurrying some of his deliveries, at the paradoxical cost of losing speed on those pitches. La Russa carefully decided when the next delivery would be slow and signaled the runner to steal. He guessed wrong, but the runner was still safe, although according to the calculation he should have been out. Now Oakland had an advantage, for the runner could score from second on a mere single. On the other hand, the pitcher no longer needed to worry about a stolen base, so he pitched naturally at his highest efficiency. "The tricky stuff was over. Now it was pitcher against the hitter. The pitcher won. Henderson hit a fly ball caught by the left fielder. Texas won."

However technically sophisticated and intelligent La Russa's strategy might have been, it was confounded by the performance of the pitcher and the batter, which was not intellectual but physical. Besides, it is not even clear that La Russa's strategy was smart. It was based on anticipating the pitching pattern, which he got wrong, only to be saved by the sheer speed of the runner. Was he wise to order a steal at all, and thus to take the pressure off the

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pitcher? Might La Russa not have done better to keep the runner on first, and to compel a fat pitch that the batter could have demolished? It is not possible to know, as is true of all such decisions. The dictates of inside baseball are like maxims; different ones prescribe mutually exclusive courses of action. "A stitch in time saves nine," but "haste makes waste." In the same way, it is good for a pitcher to throw over to first to keep the runner close, but it is bad to do so too often, for that wears him out and distracts his attention from the batter. How often is too often? It depends. Clever managers always tell you about their shrewd moves that worked out, and blame the players' faulty execution for their failures. But by far the most important element in the contest is not intelligence but the natural ability of the players—a point that Will does not make.

Will's preferred game is as old as the hills; it dominated baseball in the era of the dead ball, when power hitting was rare. In recent years it has been most closely associated with Gene Mauch, who managed four different teams over twenty-six years, winning much admiration but no league championships, chiefly because he lacked hitters like Oakland's Rickey Henderson, Carney Lansford, Mark McGwire, and Jose Canseco, and pitchers like Dave Stewart, Bob Welch, and Dennis Eckersley. It is a game meant to compensate for lack of talent, but even so, natural ability, speed, strength, and skill are more important to its success than anything else. In the words of Whitey Herzog, whose speedy, light-hitting Cardinals won three pennants playing that game: "When I managed Kansas City I wasn't too smart because I didn't have a closer. I got smarter in St. Louis because I've had Bruce Sutter, Todd Worrell, and Ken Dayley." Today only Dayley is left, and by the last week of the season he had only four wins and two saves. It is no accident, as the Stalinists used to say, that the Cardinals finished last this year and that Herzog is no longer managing.

Will's favorite pitcher, Orel Hershiser, has achieved wonderful things, including breaking the record for consecutive scoreless innings and taking his team to the world championship in 1988. He is a worthy subject of attention for the student of baseball, but by no means the most obvious. As Will points out, no one in baseball history has had a more sensational first five years than the Mets' Dwight Gooden. He has great speed, an outstanding curve, and remarkable control. He is a great strikeout artist and has one of the best winning percentages ever, much better than Hershiser's.

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Gooden has the best chance of breaking an assortment of pitching records before he is through, yet Will is more interested in Hershiser. The reason he gives is that Hershiser has done something very rare: he is "pitching with steady success in his thirties." That is, indeed, a fine achievement, but the Texas Rangers' Nolan Ryan is still pitching with astonishing success at the age of forty-two! (Hershiser, who turned thirty-two in September, had no success whatever this year, because of a sore arm.) Ryan has struck out more batters and thrown more no-hitters than any pitcher who ever played in the major leagues, won his three hundredth victory this past season, and led the league in strikeouts. Yet Will chose Hershiser, and his real reason is clear. Gooden, Ryan, and Boston's Roger Clemens are hard throwers, "naturals," whose success plainly comes from their extraordinary physical abilities. None is very talkative about his skills, which is why Will is less interested in them than in the articulate Dodger, whose success "is more an achievement of mind than muscle."

The story is the same with Baltimore's Cal Ripken. He is a very good hitter; after his first six years in the majors he had a batting average of .283 and 160 home runs, easily the best among active shortstops, with no serious competition. (Some perspective on the pitiful decline of hitting in today's game is provided by the fact that in 1941 seven of the sixteen major-league shortstops had a combined batting average of .299, and this was no fluke. Their combined career average, covering 110 years of play, was .297.[2]) He is also the modern iron man of baseball, having played in more consecutive games than anyone except Lou Gehrig. By dint of hard work and ceaseless study he has learned to position himself so as to compensate for his lack of extraordinary speed and agility. He is a fine fielder, but he happens to be a contemporary of Ozzie Smith, whom Will rightly calls "the most elegant shortstop of his era, and perhaps the finest fielder ever." Why, then, is Ripken his chosen subject? Again because Smith is a "natural," blessed with the skills and talents that make him superb. Ripken, on the other hand, is the intellectual's shortstop, relying on thought and knowledge for success. He was voted the "smartest defensive player" by his peers and says of himself, "I'm not blessed with the kind of range a lot of shortstops have. The way I have success, I guess, is by thinking."

[2]I owe this observation to Michael Seidel's splendid book *Streak: Joe DiMaggio and the Summer of '41* (McGraw-Hill, 1988), p. 13.

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The hitter as anti-hero

Perhaps the strangest of Will's choices, however, is his batter, Tony Gwynn. In general, Will seems to prefer defense to offense, citing with approval the sportswriter Tom Boswell's observation that defense is "the cognoscenti corner of baseball...." If he must have offense, Will prefers running to hitting. If he must have hitting, he prefers thought and finesse to power. Thus it is Gwynn's cerebral approach to batting that explains Will's selection. No student of the art of hitting is more dedicated than Gwynn, whose quest to perfect his style is such that he is distressed at hitting a home run with an imperfect swing, and pleased by a hard-hit out when the ball went where he intended it. He is the first National Leaguer to win three consecutive batting titles since the great Stan Musial won his third straight in 1952, and his .370 average in 1988 is the highest since Musial's .376 in 1948.

But Gwynn, unlike Musial, is a singles hitter. Compared with the outstanding hitters in the game he lacks power, as revealed in home-run totals and slugging average, and the dominant hitter's chief contribution, runs batted in. To be sure, there are few Musials in the game today, but there are at least two batters who clearly have a better claim to greatness than Gwynn: the veteran George Brett of the Kansas City Royals and the Yankees' Don Mattingly, Gwynn's baseball contemporary. The statistics in the following table make Gwynn's inferiority clear:

Table: Career Batting Statistics (through the 1989 season)[a]

	Gwynn	Brett	Mattingly	Musial
Batting average	.332	.310	.323	.331
Slugging average	.443	.501	.520	.559
Runs batted in*	59	82	102	93
Home runs*	6	17	23	23

*average per full season

[a]Sources: *The Sporting News Official Baseball Register* (1990 edition), Barry Siegel, ed. (*The Sporting News*, 1990); *The Baseball Encyclopedia* (7th edition), Joseph L. Reichler, ed. (Macmillan Publishing, 1988).

Will's choice of Gwynn instead of Brett or Mattingly crystallizes the shortcomings of his approach to the game. Bemoaning Gwynn's failure to win recognition in spite of his high average, Will complains, "What has all this earned Gwynn? He is called 'the West Coast Wade Boggs.' That is because Gwynn practices his craft at the wrong end of the continent." No, that is because both Gwynn and the Red Sox' high-average hitter have failed to provide

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the kind of heroic leadership by performance that carries a team to victories and championships, the combination of power and timeliness that drives in runs and inspires teammates.

This year, in an extraordinary departure from the tight-lipped protectiveness usual in the game, Gwynn's teammates have expressed their disappointment. One of the Padres complained that Gwynn "cares only about his hits.... He doesn't care about this team...." Another objected to Gwynn's decision to bunt with two men on and nobody out:

> If you sacrifice, you can protect your average, but what that does is put the pressure on the other guy. Tony has a chance to be a game-breaking player. We expect him to take his chance and hit. If you sacrifice, the pressure goes to the next guy, and the next guy and the next guy, and they think now they have to get a hit. And when you have to do that, your chances of doing it are going down the toilet, and so are your chances of winning.

A third said, "You like to see a No. 3 hitter with 100 RBI. Tony has the potential to do that. He can drive the ball. He's the type of player who can lead a team to a championship, and he knows that. If I was hitting .350 and there were runners on first or second and they see me bunt and they say to me why don't you hit away, it makes a lot of sense."

Gwynn defends himself as follows: "This is a game based on numbers. It's not based on character or heart or work ethic. It's the numbers. At contract time people say, 'Did you hit .300?' The people want to see numbers on the board. I'm a high-average hitter. Some hit for power. Some move a runner over. Some hit for average. I try to do what I am capable of doing, whether people like it or not."[3] That is not the voice of Roy Hobbs, Malamud's fictional "natural," who literally knocked the cover off the ball in his first at-bat in the majors, and whose goal was to be "the best there ever was in the game"; nor is it the voice of the real-life Ted Williams, who said at the age of twenty, "All I want out of life is that when I walk down the street folks will say, 'There goes the greatest hitter that ever lived.'" Gwynn's is the voice of our times,

[3]The preceding quotations appear in Peter Richmond's "Trouble in Paradise," the *National Sports Daily*, June 25, 1990, pp. 36-39. Richmond is not persuaded by Will's account of Gwynn: "Traditionally, Gwynn's talents have been viewed by the baseball community at large with the clinical detachment we afford the chemist's feats. When columnist George Will devoted 100 pages of his recent book to Gwynn he glorified only the deeds that could be measured in quantifiable units, and managed to avoid characterization of the man entirely—a test-tube profile, and, in retrospect, quite naive...."

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of the anti-hero who knows his limitations and accepts them, who shuns the burden of leadership, who goes his own way and "does his own thing," who is satisfied with well-rewarded competence and does not seek greatness. And that is what Will likes about Gwynn: "'Stay within yourself is baseball's first commandment'.... A player's reach should not exceed his grasp." If Mighty Casey came to bat at a crucial moment today, George Will would want him to punch a grounder through the right side to move the runner to third and leave things up to the next batter.

It would not be fair to suggest that Will has no place for the heroic; it is just that he understands heroism in a peculiarly modern and constricted way. He endorses the novelist John Updike's view that baseball heroism "comes not from flashes of brilliance, but ... from 'the players who always *care*,' about themselves and their craft," and adds his own observation that "those who pay the price of excellence in any demanding discipline are heroes."

In his famous essay about Ted Williams's final game Updike spoke of his hero's "hard blue glow of high purpose." For him "Williams is the classic ballplayer of the game on a hot August weekday before a small crowd, when the only thing at stake is the tissue-thin difference between a thing done well and a thing done ill." Such heroism is aesthetic more than it is moral. The game in question was meaningless, for the Red Sox were out of the pennant race. The "high purpose" was entirely personal and made no contribution to a practical or elevated goal. Williams wanted to end his career with a home run. He did so and sat out the team's last few games on the road. In his nineteen brilliant years with the Red Sox they won one pennant and no World's Series. In the ten key games of his career—seven in the Series and the other three in which a Red Sox victory would have brought a league championship—Williams hit .232 and made no important contribution. Like Tony Gwynn, but with infinitely greater power and talent, he was a keen student of the game, a tireless perfectionist who refused to swing at a pitch out of the strike zone or to change his style to meet particular situations. What he did he did beautifully and with meticulous care. His last game was a fitting end to the career of a great hitter and stylist—but not of a hero.

Will's concept is less aesthetic but more democratically modern: everyone is a potential hero, provided that he cares for his craft and works hard to perfect it. That definition flatters us ordinary people, but it also badly diminishes the status of the meritorious,

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establishing a kind of affirmative-action heroism. It is not what people have sought for millennia in their heroes, who instead are expected to perform great and wondrous deeds, so marvelous that they verge on the magical. Heroes must far outdo ordinary mortals, to the point where their actions give rise to song, story, and legend. Heroes do not, however, perform their deeds for themselves alone; instead their deeds are vital to those who rely on them. Achilles is heroic because even other heroes cannot match his speed and strength, without which the Greeks cannot take Troy; Odysseus is heroic because he surpasses all others in cleverness, without which his men will die and never reach home.

True heroism

Babe Ruth was a true baseball hero, because his achievements dwarfed all others'. When he hit fifty-nine home runs in 1921, the next best slugger had twenty-four; when he hit his seven hundredth homer, only two others had over three hundred. Even more important, throughout his career his hitting brought victory and championships to his team. Legends sprang up of Ruth's vast appetite for food and drink and women, of his visits to dying children and the fulfillment of his promises to hit home runs for them, of his pointing to the place in the stands where he would drive the next pitch for a home run (and then hitting it there). Will remarks that "[i]t is inconceivable that a protean figure like Babe Ruth could burst upon baseball today," and he is glad of it. He scolds Ruth for his bad habits (the faults of a hero can be as gigantic as his virtues) and concludes that such great superiority in performance could not exist today—not because of the general mediocrity of today's game, but because today's players "are generally bigger and stronger and faster, and they know more about a game that rewards *knowing* [emphasis in the original]."

But the more important point is that none of today's players is likely to match the achievements or epic status of such real heroes as Ruth or Joe DiMaggio. Will is impressed by DiMaggio's commitment to excellence and his knowledge of the game. The one specific achievement that he singles out for praise, however, is that DiMaggio was never thrown out going from first to third! That is what he finds noteworthy about a man who was one of the great batters and fielders of all time, who led his team to ten pennants and to victories in nine World Series in his thirteen years as a player, and who holds what is generally agreed to be the most re-

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markable and unapproachable baseball record of all time—a hitting streak of fifty-six consecutive games.

That streak is the subject of Michael Seidel's recent book, which displays a better understanding of baseball heroism: "The individual effort required for a personal hitting streak is comparable to what heroic legend calls the *aristeia*, whereby great energies are gathered for a day, dispensed, and then regenerated for yet another day, in an epic wonder of consistency." DiMaggio's exploits, moreover, had meaning not for himself alone, but carried and inspired his companions, as the deeds of epic heroes do. During his great streak Johnny Sturm, Frank Crosetti, and Phil Rizzuto, none of them normally great hitters, each enjoyed a lesser streak of his own. At the beginning of DiMaggio's streak the Yankees were in a terrible slump, five and one-half games out of first place. At its end they had destroyed the will of the opposition, were safely in first place, and on their way to clinching the pennant on September 4 (the earliest date in history), and finishing twenty games ahead of the next best team. That summer a song swept the nation:

From coast to coast, that's all you hear
Of Joe the one-man show
He's glorified the horsehide sphere,
Joltin' Joe DiMaggio.
Joe...Joe...DiMaggio...
We want you on our side.

He'll live in baseball's Hall of Fame
He got there blow-by-blow
Our kids will tell their kids his name,
Joltin' Joe DiMaggio.

So did the raging Achilles inspire his fellow Achaeans against the Trojans, and, so, at somewhat greater length, did Homer sing of his deeds.

But there is more still to true heroism: the qualities of courage, suffering, and sacrifice. These DiMaggio displayed most strikingly in 1949. Before the season he had a bone spur removed from his heel (as with Achilles, a vulnerable spot). The pain was great enough to keep him out of the lineup until the end of June, when the Yankees went to Boston for a three-game series against the team that they had to beat. DiMaggio blasted four home runs in three games, batting in nine runs as New York swept the series.

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The importance of that manifestation of *aristeia* was very clear at the end of the season, when the Red Sox came into Yankee Stadium for the two final games. Had they won even one of the three played in June, the championship would have been theirs already; instead the Red Sox had to win one of the remaining two. DiMaggio had missed the last couple of weeks, felled by a case of viral pneumonia. Once again, the ailing warrior returned to the field of battle. Weak as he was, he managed two hits and led his mates to victory. The next day, the staggering DiMaggio managed to run out a triple and to last until the ninth inning (when weakness and leg cramps finally forced him from the field). The inspired Yankees won the game and the championship.

That is the sort of thing Ernest Hemingway had in mind when he told of the old fisherman in *The Old Man and the Sea*, who struggled in a life-and-death battle with the greatest fish he had ever seen, despite a body cramped with pain and a wounded hand: "I think the great Joe DiMaggio would be proud of me today. I had no bone spurs. But the hands and the back hurt truly." Nor was this the end. In the sad, confused 1960s, when heroism seemed only myth, Simon and Garfunkel caught America's longing for a true hero: "Where have you gone Joe DiMaggio? A nation turns its lonely eyes to you."

No one ever thought that DiMaggio's greatness came chiefly from intelligence, care, and hard work. Millions of people have those admirable qualities without significant result. Heroes arise by means of natural talents that are beyond the rest of us; the secret of their success is mysterious and charismatic. As Toots Shor put it:

> There never was a guy like DiMaggio in baseball. The way people admired him, the way they admire him now. Everybody wanted to meet Joe, to touch him, to be around him—the big guys too. I'm not just talking about fans coming into the joint. Joe was a hero, a real legitimate hero. I don't know what it takes to be a hero like Joe. You can't manufacture a hero like that. It just has to be there, the way he plays, the way he works, the way he is.

George Will set out to write an antiromantic book about baseball, and he succeeded. In so doing, however, he has missed what baseball is all about. Baseball without romance and heroism is like *Hamlet* without poetry or the Prince of Denmark—just words. We care about baseball not because we enjoy watching working men try hard to improve their craft, or because we seek models for aes-

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thetic appreciation, but because we keep hoping that some hero or team of heroes will come along and do something wonderful and magical, something never done before, something neither we nor any other player could do. Will concludes his book with the words of Malamud in *The Natural*: "When we are without heroes we 'don't know how far we can go,'" but he has curtailed the quotation. The original reads: "Without heroes we're all plain people and don't know how far we can go." His heroes are just like the rest of us, who concentrate their intelligence, work hard, and apply themselves to reach a level that is somehow within the reach of anyone with intelligence and discipline. In hard times, however, and all times are in some way hard, we need greater and more potent heroes—to tell us not what all of us can do but what only the best of us can do. Their doing so inspires the rest of us to do the best we can. What we need are heroes like Malamud's Roy Hobbs: "He belonged [the sportswriters wrote] with the other immortals, a giant in performance.... He was a throwback to a time of true heroes, not of the brittle, razzle dazzle boys that had sprung up around the jack rabbit ball—a natural not seen in a dog's age, and weren't they the lucky ones he had appeared here and now to work his wonders before them."

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The romantic fallacy in baseball—a reply

GEORGE F. WILL

I AM forty-nine. *The Public Interest* is twenty-five. We who have sat, as it were, at this journal's feet for virtually all of our adult lives have taken to heart its essential wisdom, which is: There are limits. To everything. There certainly are limits to what an author can do to protect his subject from a reader determined to get it wrong.

One reason I wrote *Men at Work* was to rescue baseball from the fell clutches of a certain kind of person who writes about it. I would call that person an intellectual, but let there be no name-calling. That person loves baseball, in his fashion, but does not really think that baseball is enough. Enough, that is, to hold his attention, deserve his admiration, and satisfy his desire for entertainment that is elegant, beautiful, and inspiriting. Sooner or later such a person gets down to his real business, which is loading the game with the freight of theory, until what is a nice sport staggers under the weight of significance. Make that Significance. And then, quicker than you can say "Balk!", there is a lot of clotted talk about the "potentially tragic" and "dramatically heroic" and "Homeric" and "poetic" facets of the game that, lo and behold, is played with the moral equivalent of cavemen's axes. Spare me. Spare it.

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I distressed Professor Kagan early, before he got past the dust jacket. He says, "The very name of [Will's] book is ominous." What he finds off-putting is the subtitle: "The Craft of Baseball." Kagan says: Yuk! Will thinks that baseball is just like all other work. I reply (as we do in Washington): Yes and no.

By craft I mean discipline, a set of physical and mental skills subject to constant refinement on the basis of cumulative knowledge. Thus my thesis, which Kagan quotes: "Games are won by a combination of informed aggression and prudence based on information." Kagan scoffs, calling that a "bizarre prejudice" to be explained with reference to my physique and psyche: "This is the fantasy of a smart, skinny kid who desperately wants to believe that brains count more than the speed, power, and reckless courage of the big guys."

Hey, Kagan, don't believe me, believe Tony La Russa—the guy over there in the corner of the dugout, the guy with the World Series ring. He's the one who says that baseball "instincts" are actually the result of "an accumulation of baseball information. They are uses of that information as the basis of decision making as game situations develop."

The case for today's game

Kagan subscribes to the theory that there is a shortage of great players these days. Well, now. The greatest third baseman ever, Mike Schmidt, retired less than two years ago. The greatest leadoff hitter in history, who also is the greatest base stealer, is thirty-one years old—Rickey Henderson. Ryne Sandberg, one of the three best second basemen ever (with Rogers Hornsby and Joe Morgan) just became the third player in history to hit forty home runs while stealing at least twenty-five bases. (The others were Henry Aaron in 1963 and Jose Canseco in 1988.) Roger Clemens (no one ever struck out more men in a game—twenty—than he did on April 29, 1986) isn't chopped liver. Kagan himself notes that "no one in baseball history has had a more sensational first five years than the Mets' Dwight Gooden." There probably never has been a better late-inning short reliever than Dennis Eckersley, but the Orioles' Gregg Olson may be better, some day. (Olson's is a new kind of baseball career. He stepped off the Auburn University campus and into the Orioles' bullpen. Time was when relief pitchers were worn-out starters. Today the game is too demanding for such recycling of tuckered-out arms.)

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In trying to demonstrate what he considers baseball's decline, Kagan scores a few easy hits against some large fish in baseball's small barrel: against domed stadiums, raucous scoreboards, artificial turf. (By the way, in Kagan's golden age, before baseball had night games, there were sixteen parks with real grass. There still are.) The trend in baseball is against such stadiums, scoreboards, and turf. It is not out of the question that the designated hitter will be gone before this century is.

Professor Kagan's credentials as a critic become suspect when he says that the game is "much more boring" than it was when he and the world (and I) were young, in the 1950s. He cites the fact, as though it is sufficient proof of boringness, that games are longer. No one ever wished that *Paradise Lost* were longer, but fans often wish that baseball games were. And certainly length is not necessarily boring, or otherwise bad, in baseball games.

There are many reasons why games are longer than they used to be. More pitches are thrown, in part because the umpires, lobbied by the batters, have shrunk the strike zone; so there is too much nibbling at its edges, and too many hitters going deep into the count, looking for walks. Also, in the dead-ball era—and even after the coming of the lively ball, before power was distributed, in the form of large hitters, throughout line-ups—pitchers were more often able simply to put the ball over the plate and let the fielders do their work. Christy Mathewson once said that a pitcher had to be strong enough to throw as many as a hundred pitches occasionally. Today 130 is about normal for nine innings.

Also, today's games are longer because of the increased recourse to relief pitching, which (along with new pitches like the slider and split-finger fastball) makes hitting harder and today's fine hitters especially admirable. Games also are lengthened—not slowed, but lengthened—by the increased emphasis on base running, which results in repeated throws over to first base and other disruptions of the pitcher's concentration.

But if base running is boring to Kagan, perhaps he should pick another sport. Serious fans savor base stealing because it is the baseball achievement in which luck matters least. It is almost entirely a matter of the base runner's—if you will pardon the expression—craftsmanship.

Kagan says that running is "the modern substitute ... for hitting." But today, as in the 1950s for which Kagan pines, the major-league batting average is around .260. And there always have been

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many more (today in excess of three times more) singles and walks than extra-base hits. The running game is not a substitute for hitting, it is a substitute for standing around and waiting for someone to hit the ball hard enough to wake up the Kagans who are dozing in the stands, uninterested in anything more subtle than a three-run home run.

It is, to say no more, quaint for Kagan to say that baseball's decline, "aesthetically," is apparent in the fact of night baseball. But I will say more, beginning with this: Only an intellectual could believe that.

The wickedness of night baseball is apt to be an article of faith for someone—say, a college professor—who has a flexible work week and a lot of afternoons free. Factory workers appreciate night games. Furthermore, if baseball's decline began with lights, the era of decline is a lot longer than the pre-decline. Night games came to the major leagues fifty-five years ago, just thirty-five years into the modern era. It will not be many years before most games in the modern era will have been night games. Kagan, the author of a *conservative* critique, must come to grips with the familiar conservative dilemma, that of deciding when a mere innovation (obnoxious) has been around long enough to become a tradition (venerated).

The shortcomings of the fifties

In his rather sweet meander down memory lane, drenched with sentimentality about the 1950s, Kagan actually celebrates the fact that the Yankees ruled like "Olympian gods," challenged primarily by "the mighty Dodgers and Giants." Yes, indeed. In 1951 all three New York teams finished first. (The Giants and Dodgers tied.) But if you did not live in New York—bulletin: many fans didn't—that wasn't so swell. Instead of the Olympian reign of New Yorkers, many fans preferred the 1978-1987 period when, for the first time in history, ten different teams won the World Series in ten years.

In the 1950s, says Kagan, baseball "held its place as part of nature, timeless and regular as Newton's universe." Oh? As Newton's universe may have seemed but never was.

We know a lot more about the universe than Newton did, thanks to better instruments of observation and measurement. Kagan may think that those instruments take the romance out of the heavens. Be that as it may, we know that the universe involves a lot more wobbling and banging around than used to be apparent.

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Baseball in the 1950s also was a lot less settled and tidy than it seemed from afar. In just five years of that supposed golden age, 25 percent of the teams changed cities. Baseball was not part of nature. It was—there you go again, Will, stomping on romance—a social institution. For example, it became fully integrated two years later than Central High School in Little Rock. (In 1959, when the Red Sox finally discovered that blacks could play the game. By then there had been eight MVP awards to blacks.)

Kagan finds fault with my choices of a manager, pitcher, hitter, and fielder on which to focus. But Kagan spikes himself several times. Tony La Russa, he thinks, does not have a sufficiently "blue-collar, extroverted, nonintellectual style." Yes, but what he does have is a team that wins, a lot. So what, says Kagan; La Russa has the best physical material with which to work. That is probably true, but his players are not all that much better than those of teams that do not get the most from their material. Also, Kagan misunderstands the particular play that he analyzes. La Russa did indeed guess wrong about a particular pitch. So Kagan says that La Russa was "saved by the sheer speed of the runner." Indeed. That runner was a pinch runner, put in the game by La Russa for another pinch runner. His speed was part of La Russa's calculation.

Kagan thinks it a failing—a moral failing, really; a preference for the mundane over the heroic—that I chose to study Orel Hershiser rather than Dwight Gooden. Kagan prefers Gooden because he is more of a power pitcher, "a great strikeout artist." That he is. (Although in the season I covered Hershiser he had more strikeouts than Gooden). But what is so special about strikeouts as opposed to other ways of getting people out? Here we are coming close to the core of Kagan's complaint. Strikeouts are, he thinks, more heroic.

Shortstop Cal Ripken also seems to strike Kagan as somehow, well, banal. Kagan thinks that I chose Ripken because he is "the intellectuals' shortstop." I did indeed pick him for the same reason the players picked him as the smartest at his position. He illustrates my thesis about the importance of mind in this physical game. In 1990 Ripken set three remarkable records. He made only three errors. The previous record, set in 1989, was six, set by the Blue Jays' Tony Fernandez, who played on artificial turf and played a lot fewer innings than Ripken played in 1990. Also, Ripken had 431 consecutive errorless chances in one season (the previous record for one season was 331), and his fielding

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percentage was .996 (the previous record for a shortstop was .992). Are great athletic achievements tainted, are they drained of heroism, if they are produced, in part, by intelligence?

Kagan wrongly emphasizes home runs and strikeouts because he does not appreciate the primacy of winning in the team sport of baseball. The baseball people whom I have been around have icy contempt for players whose goal is not simply to win. When I asked Tony Gwynn what his highest goal was—hitting .400, piling up batting titles, whatever—he looked at me as though I was dim-witted and answered with one word: "Winning."

Perhaps Kagan is too much of a liberal individualist to understand the importance of winning as a team. In any event, he finds Tony Gwynn the "strangest" of my choices of subjects. But Gwynn's ethic of winning explains why Gwynn is not pleased by hitting a home run on a pitch he should not have swung at and with a swing that is not his best. Gwynn has a feeling for the texture of this sport of the long season: over a span of 162 games he can contribute most to winning by doing what he does best, consistently.

Kagan finds it anti-heroic that Gwynn "knows his limitations and accepts them." And here we arrive at the heart of the matter. Listen up, readers of *The Public Interest*. Are we or are we not in favor of facing facts, including this fundamental one: There are limits. To everything and everyone. And ignoring them is not smart, let alone heroic.

Kagan, so impatient with Gwynn, prefers Mighty Casey. "If Mighty Casey came to bat at a crucial moment today, George Will would want him to punch a grounder through the right side to move the runner to third and leave things up to the next batter." Well, speaking for George Will, let me say: That depends on who the next batter is, who the pitcher is, the game situation, who is hot and who is not that day or week or month—it depends on a lot of things. These are the sorts of things that Tony La Russa knows; a lot of other people—mostly people who win less often—do not know them. A La Russa will *manage* even a Mighty Casey. And such a manager will have no trouble managing a Tony Gwynn, because he and Gwynn have exactly the same (team) ambition: winning.

If Mighty Casey, instead of swinging for the fences and striking out, had moved the runner along, he would have earned no praise from Kagan. But there might have been joy in Mudville.

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Professionalism

I share Kagan's admiration for Joe DiMaggio, with whom I am privileged to sit on the Baltimore Orioles' board of directors. I share Kagan's awe for the fifty-six-game hitting streak. However, it is not unromantic for me to cite as proof of DiMaggio's genius something other than the streak. I would not admire DiMaggio one whit less if a brilliant defensive play had stopped the streak in the middle by turning a hit into an out (or, to be blunt, if a less compliant official scorer had stopped the streak by turning a hit into an error).

Baseball people will tell you that what made DiMaggio into DiMaggio was judgment of the sort that enabled him to pass through an entire career without ever getting thrown out going from first to third. Other players have been better at the ostensibly "heroic" things—hitting, hitting with power—that Kagan fancies. But no one was ever a more consummate professional—the encomium that baseball people prefer. It is worth pondering that when baseball people want to call someone a hero they do it by semantic indirection, using the word "professional."

"Will's concept [of heroism]," says Kagan, "is less aesthetic but more democratically modern: everyone is a potential hero, provided that he cares for his craft and works hard to perfect it." (I have been called many things, but rarely, if ever, "democratic" or "modern." This mudslinging must cease.) Not everyone is a greatly gifted athlete. Every major-league player is. But not every major-league player has the (here I take custody of the word) heroic willfulness to pull himself above the common major-league herd of the merely gifted.

Kagan is a classicist, used to the company of gods. Perhaps for that reason it is beyond my poor powers to get him to share my enthusiasm for the "everydayness heroism" that is elicited—but not from everybody—by the everyday game. Gwynn, unlike Kagan's hero Roy Hobbs, does not perform deeds that are "magical." Gwynn also is unlike Hobbs in another way, one that should seize the attention and kindle the empathy of any author of a "conservative critique": Hobbs is fictional; Gwynn is real.

George F. Will, a lapsed professor of political philosophy, is a columnist aspiring, and hereby auditioning, to be sports editor of The Public Interest.

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Imagining drug legalization

JAMES B. JACOBS

IT IS REMARKABLE that the debate over drug legalization ebbs and flows without a fleshed-out proposal for what drug legalization means and how it would work. The absence of such a proposal focuses the debate on the costs and chances for success of the current "drug war" and perhaps of prohibition generally, but not on those of legalization. The lack of a fleshed-out legalization proposal makes it extremely difficult to assess or to criticize the legalization position. Skeptics vainly try to fix their sights on a moving target. Criticisms are brushed aside on the ground that they are based upon a distorted view of drug legalization. Those attuned to the debate are asked to endorse drug legalization "in principle" and to think about implementation later.

While advocates of drug legalization agree that the war on drugs is doomed to failure, they do not agree on how drugs should be le-

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galized. The libertarian wing of the legalization movement favors a free market in mood- and mind-altering drugs similar to the market that now exists for alcohol and cigarettes. Some more-pragmatic legalization proponents seem to want a government-run or heavily regulated system of drug distribution, while others favor turning over the distribution of psychoactive drugs to health-care professionals. These different visions or intuitions about the nature of drug legalization, however, have not been put forward as carefully drafted proposals.

The goal of this article is to flesh out the various legalization options, to show what kind of policy choices each would entail, and to suggest serious problems of implementation. In short, I propose to advance the drug-legalization debate by focusing on the costs of legalization *in practice*, rather than in principle.

Treating all drugs like alcohol and cigarettes

The simplest, yet boldest, scenario for drug legalization is to lift the criminal prohibitions on manufacture, distribution, sale, possession, and use of all mood- and mind-altering drugs, thereby allowing them to be manufactured and marketed as freely as alcohol and cigarettes.[1] What would be the implications?

Imagine a society with a psychoactive-drug industry similar to the alcoholic-beverage and tobacco industries. Drug legalization would substitute legitimate businesspeople and corporations for organized-crime importers, wholesalers, and retailers. The new entrepreneurs would be in a position to reap much greater profits than their underworld predecessors, who had to cope with the risks of imprisonment and forfeiture as well as underworld ripoffs and assassinations. They would also benefit from the increased consumer demand that would come from lower prices, greater reliability of drug products, and the removal of legal norms against using psychoactive substances.

Paralleling what occurred at the end of alcohol prohibition, some of the people who have gotten rich from illegal drugs would probably launder their images and play key roles in the now-legal distribution system. The South American drug barons would cer-

[1]This is the position of federal judge Robert Sweet. See "Federal Judge Calls for Legalization of Illegal Drugs," *Drug Law Report*, vol. 2, no. 13 (January-February 1990); or James Ostrowski, "Thinking About Drug Legalization," the Cato Institute, May 25, 1989. It is also the position of libertarians like Milton Friedman. See "An Open Letter to Bill Bennett," the *Wall Street Journal*, September 7, 1989.

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tainly continue to control the supply of cocaine, and since their sales to American importers would be legal (at least under American law), their position in South American politics would be greatly strengthened—a development that might not ease tensions between those countries and the United States.

In the United States itself, the legalized drug industry that would quickly emerge would probably resemble both the alcohol and cigarette industries. Some American farmers and agribusinesses would abandon their current crops in favor of marijuana, opium, mushrooms, and other psychoactive substances that can be grown on American soil. As for the mood- and mind-altering drugs that are now produced in underground laboratories, like methamphetamines, barbiturates, hallucinogens, and synthetic opiates, they would become legitimate products for pharmaceutical laboratories; opiates in particular would probably be added to alcoholic and nonalcoholic beverages, over-the-counter tonics, and even food, as was the case in the nineteenth century. In the immediate aftermath of legalization, entrepreneurs would also invest heavily in research and development to come up with new psychoactive drugs to meet the tastes of a fickle multibillion-dollar market that has no loyalties to a single type of drug, much less to any particular brand.

For those, including many proponents of drug legalization, who do not believe that such consumer demand would emerge, consider the current consumption of tobacco products, alcoholic beverages, popular mood drugs like Valium and Prozac, and all kinds of tranquilizers, barbiturates, and amphetamines, not to mention illicit drugs. Americans have not demonstrated themselves to be prudent, cautious, and conservative consumers of mood- and mind-altering drugs. Everywhere we look in American society, we can see the use of chemicals to solve problems or to enhance happiness, and this use is often culturally and institutionally encouraged..

The array of newly legalized psychoactive drugs would have to be sold somewhere, either in specialty "drug stores" or in currently existing liquor stores, tobacco shops, or even supermarkets. Since legalization proponents mean to keep drugs out of the hands of children, drug sales would probably be limited to licensed shops in the same way that alcohol in many places can be sold only in licensed liquor stores to people at least twenty-one years of age. These new "drug stores" might well resemble liquor stores, varying in their product lines according to the clientele they serve. But

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since consumers, for the foreseeable future, would need a great deal more knowledge about the properties and effects of newly legalized mood- and mind-altering drugs, there might well be demand for proprietors and sales personnel with specialized knowledge and expertise. We can certainly anticipate the proliferation of consumer-oriented drug magazines like *High Times* to advise consumers on the properties and effects of old and new psychoactive drugs, ideas for mixing drugs, and on the best places for purchasing and consuming different types of drugs.

Likewise, it does not seem farfetched to foresee the emergence of social establishments catering to people who wish to ingest psychoactive substances in a convivial and social atmosphere. If currently illicit drugs were put on the same footing as cigarettes and alcohol, we should expect to see the drug equivalent of bars and taverns—or, if you will, the legalized version of opium dens and crack houses.

This sketch of a drug-legalization model based upon the current marketing of alcohol and tobacco obviously neglects many issues. I will touch upon just four. The first concerns the relationship of a policy of legalized psychoactive drugs to the regulation of all drugs, medications, and food. Could heroin, cocaine, and speed be sold over the counter like alcohol and cigarettes, while Valium, sleeping and diet pills, some cough medicines, and antibiotics remain available only on a doctor's prescription? If so, people who could not obtain sleeping pills without seeing their doctors could purchase heroin and hypodermic needles from a drug store on the way to or from work. How long could the logic of such a situation last? Wouldn't it inevitably lead, as free-market advocates of drug legalization propose, to the complete dismantling of the regulatory system for food and drugs?

A related question is whether mood- and mind-altering drugs would be covered by the food and drug laws at all. Currently, before any prescription or over-the-counter drug can be sold to the public, it has to be proven "safe and effective for a specified use" under very stringent testing criteria that often involve years of multistage scientific testing and many millions of dollars. Would currently illegal mood- and mind-altering drugs have to meet those same criteria, or would they—like alcohol and cigarettes—be exempt from FDA drug regulation, so that their manufacturers would be required only to specify accurately the ingredients of the products and the possible damage to the health of their users?

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Since the properties and effects of mood- and mind-altering opiates, cocaine products, amphetamines, and hallucinogens are less well known to the public than those of alcohol and tobacco, and because new designer drugs are always pouring onto the market, a strong argument can be made in favor of stringent pharmaceutical testing like that required for antihistamines, aspirins, and antibiotics. This, however, would make full-scale legalization a very long-term process. If some currently illegal drugs did not obtain approval under current FDA standards, moreover, they would continue to be purchased and sold on the black market—the elimination of which is one of the legalization movement's primary goals. Thus the logic of drug legalization points toward the virtually unregulated sale of any product that any drug producer wishes to offer to the public. (If free-market theorists are correct, of course, consumers would not be left entirely unprotected, since market sources of information on mood- and mind-altering drugs would soon become available.)

A third key issue is cost and taxation. Some legalization advocates propose high taxes so that consumers of psychoactive drugs will pay for the networks of regulation and treatment devoted to drug administration and rehabilitation.[2] The majority of drug-legalization advocates, however, see the heavy taxation of drugs as a major problem because, in their view, high prices "force" drug users to steal, rob, and sell their bodies in order to obtain money to buy drugs.[3] From this point of view, for legalization to be successful drugs must be cheap and accessible. If not, the black market would remain in place since it would undersell the legal market, and indigent consumers would continue to commit crimes in order to obtain money to buy drugs even after legalization. However, some legalization proponents appear to favor high taxes on psychoactive drugs lest drugs be too attractive to consumers, especially when compared with heavily taxed alcoholic beverages.

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[2]Harvard Medical School professor Lester Grinspoon, for example, has advocated taxing the legalized psychoactive drug industry enough to pay for all drug education and treatment. See "The Harmfulness Tax: A Proposal for Regulation and Taxation of Drugs," *Drug Policy 1989-1990: A Reformer's Catalogue*, Drug Policy Foundation, Washington, D.C.

[3]Professor Ethan Nadelmann of Princeton seems to take both positions. He sees the possibility of massive tax revenues as an appealing feature of legalization, but emphasizes the need for low drug prices in order to remove the need to resort to crime to obtain money for drugs. See his article "The Case for Legalization" in *The Public Interest*, no. 92 (Summer 1988).

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It is mere speculation that making psychoactive drugs legal and inexpensive will reduce drug-related crime. It is also possible that, in a world of legal drugs, drug experimenters and regular users will wish to increase their consumption; if so, they might still need as much money as they did under prohibition when drugs were more expensive. Moreover, legalization would cause economic hardship for many drug users because it would deprive them of the income that they currently derive from participation in the black-market distribution system. Black-market wholesalers and distributors, unless they are given a profitable role in the legalized distribution system, cannot be expected simply to wither away. More likely, they will continue to compete fiercely with one another and with the legalized market for as much of the drug market as possible. That might mean underpricing the legal market and providing more powerful drugs than are available on the legal market.

Furthermore, as consumption of mood- and mind-altering drugs increases, so too will the number of crimes committed under the influence of drugs. Consider just the crime of driving while intoxicated. Experts have come increasingly to see that drunk driving is a function of the overall level of alcohol consumption. I can't see why the same conclusion would not apply to other psychoactive drugs. Legalization would be bound to cause a major increase in the rate of driving under the influence of alcohol or drugs, already one of this country's most serious social problems.

The fourth key issue is the legal liability of manufacturers and sellers of psychoactive drugs. As far as I can tell, the legalization debate has left this matter completely untouched, but its resolution will have very significant consequences for whether legalization could even get off the ground. If manufacturers and retailers fear liability for suicides, overdoses, accidents, addictions, and intentional and negligent injuries to others, they might be inhibited from entering the psychoactive-drug market in the first place. Perhaps the liability problem could be solved by allowing warning labels on drug packages to put the burden of risk on consumers,[4] by granting statutory immunity to producers and retailers of recognized drug products, or by having government insure all manufacturers against drug casualties. Obviously, each of these solutions raises major problems and carries significant costs.

[4]For example: "WARNING—Crack is a powerful psychoactive product that can lead to hyperactivity, extreme depression, and addiction. Use only in moderate amounts. Use by pregnant women causes addicted and damaged babies."

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A government-regulated system

Either because they do not believe that a free-market legalization policy like the one sketched above is desirable or because they doubt that it is politically acceptable, some advocates of drug legalization urge a "government-regulated system."[5] Because, as far as I know, such a scheme has never been spelled out in print, it is necessary to speculate as to what it might mean.

Some proponents of this model of drug legalization seem to envision a *government-run* monopoly on mood- and mind-altering drugs. Immediately all sorts of questions come to mind. Which level of government—federal, state, or local—would be assigned the task of building a system for drug production and distribution? *Is the government monopoly to extend to crop and laboratory production* or solely to retailing? Why and how would government be a better or more responsible drug producer and distributor than private business?

Proponents of this position, if they have thought about the matter at all, probably favor control by the federal government, which Congress could accomplish by repealing all current drug laws and establishing a new federal bureaucracy to produce and to distribute psychoactive drugs. Otherwise, the battle for legalization would have to be fought out state by state or in the context of a federal constitutional amendment guaranteeing to the American people the right to ingest whatever substances they desire or banning all state prohibitions on the production, sale, possession, and use of psychoactive substances. Legalization under federal rather than state control would certainly be quicker and less complicated than waiting for all fifty states to develop political support for legalization and then to develop their own policies and institutions for drug production and/or retailing.

Assuming that the responsibility for drug legalization under the government-control model would ultimately fall upon the federal government, which parts of the drug-distribution system would the government take over and control? It seems unlikely that the federal government would itself go into the business of growing poppies, coca, marijuana, and psychedelic mushrooms, or that it would establish laboratories for the production of amphetamines, barbitu-

[5]See, e.g., Ethan Nadelmann's "The Case for Legalization" in *The Public Interest*, or Kevin B. Zeese's "Drug War Forever?" in *Drug Policy 1989-1990: A Reformer's Catalogue*.

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rates, LSD, and all sorts of designer drugs. With a few exceptions like the Tennessee Valley Authority, this has not been the pattern of government regulation in the United States, even in the defense sector.

More likely, political and administrative realities would dictate that government involvement go no further than government control over retail distribution of mood- and mind-altering drugs. Whether the government assumed an operating or merely a regulating role, we need to ask how its participation would produce a situation any different from that which would result from a free-market approach like the one imagined earlier.

Surely there is something to be learned from government regulation of alcoholic beverages and gambling. Some state governments currently have a monopoly over retail liquor stores. Visitors, however, might not notice much difference between these liquor stores and the privately operated stores of nearby states, except that the government stores tend to charge higher prices and have shorter operating hours. Both types of retail liquor stores, public and private, tend to carry all the name brands of alcoholic beverages. The state-owned liquor stores certainly have not attempted to implement anything like a "responsible liquor policy." There is no rationing, nor are there any attempts to prevent alcoholics from making purchases or to persuade consumers to buy light wines and beers instead of hard liquor. In short, state-operated liquor stores seem to be driven by the profit motive just like private liquor stores. State lotteries follow this same pattern, seeking to maximize profits rather than to dampen the ardor of the gambler or to limit betting to people who can afford it.

It is possible, of course, that government drug stores could operate quite differently from government liquor stores and lotteries. They might try to ration the type or amount of drugs that a consumer could purchase—for example, only so many grams of heroin or cocaine per day or week. But wouldn't any attempt by the government to ration drug purchases defeat the whole purpose of drug legalization? Legalization proponents want to end the black market and to stop arresting and punishing people who sell or purchase drugs. Any rationing system would only perpetuate the black market and require criminal penalties for violators of the regulated system's rules and procedures.

In any event, it is very hard to envision how rationing could work. Would every person be required to register with just one

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store and maintain some type of drug-ration card? Even if that could be done, what would prevent people from selling their rations to one another? One can easily foresee innumerable possibilities for fraud. There would also be extensive opportunities for embezzlement and theft from the retail outlets, and they would, of course, be vulnerable to burglaries and robberies.

Indeed, if one takes the logic of legalization seriously, a government-controlled system of drug distribution might prefer to set a course just the opposite of rationing. To defeat the black market and all of the problems that legalization proponents attribute to the black market, it might be necessary to make all drugs easily and cheaply (even freely) available to whoever wants them. Only then would legalization have a chance of eliminating or significantly reducing the crime problems spawned by the need to raise money in order to purchase psychoactive drugs.

If the federal government operated a nationwide system of retail drug stores, it would have to face the question of liability for deaths, injuries, and genetic damage attributable to its drug sales. Over the past several decades we have come to hold the government to ever-higher standards of care and foresight in preventing personal and property damage of all kinds. The trend away from government immunity may prove politically difficult to reverse, especially when some potential victims will be innocent motorists and pedestrians, or children born to addicted mothers. But either Congress and the taxpayers will have to accept responsibility for these casualties or some kind of government immunity will have to be enacted.

Congress will also be faced with responsibility for funding, and perhaps operating, a ubiquitous health-care system to provide psychological and medical treatment to those drug users and abusers who suffer psychological and physical ill effects. Such treatment does not come cheaply. The *New York Times* recently reported that the charge for a week-long cocaine-detoxification program is $5,000, and the charge for a ten-day heroin-detoxification program is $6,500. There would seem a certain irony in one department of government supplying drugs and another treating and detoxifying the users of these drugs.

Many of the same problems that we have been identifying would occur even if a "government-controlled system" means, as Professor Nadelmann seems to envision, extensive government

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regulation of a privately run production and distribution system.[6] Here, the government's record in extensively regulating the gambling industries in Nevada and New Jersey might shed some light on how different a regulated industry would look from a nonregulated industry. Perhaps the government's chief regulatory success in these states is collecting a great deal of tax revenue. The casinos operate twenty-four hours a day, ply their customers with free alcohol, and employ an impressive range of strategies to separate the customer from his cash as quickly as possible.

If by extensive government regulation Professor Nadelmann means that the government would prohibit certain dangerous drugs altogether or would peg the strength of psychoactive drugs below what is available on the streets, we would be back to a system of partial prohibition. Partial prohibition might bring the worst of both worlds. It would legally provide some psychoactive drugs to American consumers, while other drugs, remaining illegal, would continue to be purveyed on the black market. It is not hard to imagine a black-market drug system coexisting comfortably with a legal distribution system. In effect, this is what we now have, alcohol and tobacco being legally distributed and other psychoactive drugs being distributed on the black market. Similarly, government lotteries have not dried up black-market gambling and numbers rackets. In many jurisdictions both systems of gambling are thriving.

Advocates of a government-controlled market are quick to point out that the government would forbid advertising and sales to minors. But even this minimalist regulation is easier said than done. There is some doubt that in a world of legalized drugs, the government could constitutionally forbid all advertising of drug products. It is quite likely that, as in the case of cigarettes, television advertising could be banned, but the government would not

[6]Actually, in his Summer 1988 *Public Interest* article Professor Nadelmann devotes only the following paragraph (out of twenty-eight pages) to an explanation of what he means by drug legalization:

> There is, of course, no single legalization strategy. At one extreme is the libertarian vision of virtually no government restraints on the production and sale of drugs or any psychoactive substances, except around the fringes, such as prohibiting sales to children. At the other extreme is total governmental control over the production and sale of these goods. In between lies a strategy that may prove more successful than anything yet tried.... It is one in which government makes most of the substances that are now banned legally available to competent adults, exercises strong regulatory powers over all large-scale production and sale of drugs, makes drug treatment programs available to all who need them, and offers honest drug education programs to children.

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and probably could not ban billboards and magazine advertisements. It certainly could not ban informative articles in magazines and newspapers about the properties and effects of drugs, much less verbal promotion of drugs by drug-store personnel, psychologists, entertainers, and public figures who advocate drug experimentation. In any event, not all legalization advocates really want to ban advertising. Some libertarian supporters of the legalization movement would probably oppose such restrictions on First Amendment grounds as well as on the ground that consumers need to be informed about the ingredients and the short- and long-term effects of the drug products available to them.

The government could prohibit drug sales to children, although the effectiveness of such age-specific prohibitions is extremely dubious. Nevertheless, implementing an age-specific prohibition raises some serious problems. Since alcohol currently cannot be sold to persons under twenty-one years of age, it would seem logical to set the same age threshold for heroin, cocaine, amphetamines, and the other currently illegal drugs. But this policy would again encounter the irony that drug legalization reinvents drug prohibition. A large percentage of the drug consumers in the United States are under twenty-one. To deny them legal access to drugs, and to subject them to arrest and punishment for purchasing such drugs, would seem to defeat much of the point of drug legalization. To set the threshold younger, say at eighteen or even sixteen, would make more sense, but set off a political maelstrom. It would also create an intolerable asymmetry with alcohol policy. It is hard to believe that we would make heroin and cocaine available at age eighteen, but beer and wine unavailable until age twenty-one.

A public-health system

Some advocates of drug legalization have urged adoption of a "public-health model."[7] Again, the elements of such a model, to my knowledge, have never been spelled out in print, except for references to the "British system" under which, for a time, some doctors could legally provide heroin to some addicts in the course of treating them.[8]

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[7]See, e.g., Frederick B. Campbell, "To Control Drugs—Legalize," the *New York Times*, January 23, 1990.

[8]New York State Senator Joseph Galliber introduced a bill into the New York State Senate (S-1918, February 6, 1989) under which doctors and pharmacists would be licensed to sell controlled substances legally, as long as their places of business were

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The so-called British system is now practically extinct even in Britain. Providing heroin to addicts in the course of their treatment was sensible when it came to a small number of middle-class people who had become addicted to drugs (usually opiates) during medical treatment and who wished to be cured. Such patients were not involved in a drug scene or subculture. The system broke down when it tried to cope with the pleasure-seeking addicts of the 1960s; medical authorities and addicts got into endless struggles over dosages and the form in which heroin would be provided.

The medical model that the British tried (and essentially abandoned) was applicable only to heroin addicts. People who wanted to experiment with or "chip" (use occasionally) heroin were not eligible for drug-maintenance programs. In a perverse way, such a system would provide an incentive to become addicted for those who desired to obtain free drugs from a clinic program. Still, much of the heroin that was dispensed in Britain was resold to nonaddicts. Even the clinics that were subsequently established to control prescribed heroin better could not cope with the demanding, manipulative addicts and were all but completely eliminated.[9]

Even if providing drugs to drug users in the course of a treatment program is judged a success, such a scheme makes sense only for certain drugs. The model does not apply to crack, LSD, PCP, and marijuana, or to casual and recreational users. Crack and cocaine users, for example, tend toward binges; they cannot be "stabilized" as heroin users sometimes can. Likewise, there is no "maintenance dose" for amphetamines. Doctors or clinics would simply have to give drug users whatever drugs they desired; any additional drugs, of course, could be purchased on the black market. Unwittingly, such a system would contribute to drug abuse rather than to drug rehabilitation.

If advocates of a medical model of drug legalization have in mind giving medical authorities licenses and responsibility for selling or giving away all psychoactive drugs, there is much cause for skepticism. Making medical authorities the gatekeepers to mood- and mind-altering drugs makes no more sense than making

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not within two hundred feet of a school, church, synagogue, or other place of worship.

[9]The history of the British heroin-maintenance system is carefully set out in John Kaplan's *The Hardest Drug: Heroin and Public Policy* (University of Chicago Press, 1983). See also Cindy Fazey's "The British System Has Not Failed" in *Drug Policy 1989-1990: A Reformer's Catalogue*.

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them the gatekeepers to alcohol and cigarettes. Doctors and other medical personnel are in the business of healing the sick and promoting good health. There is nothing in their mission or goals that makes it appropriate for them to decide who should be permitted to take crack, LSD, PCP, or marijuana over the weekend. Indeed, dispensing such drugs at the request or demand of drug users would be inconsistent with the Hippocratic Oath.[10]

The impact of such a plan on the overburdened health-delivery system is alone reason enough to dismiss it out of hand. Drug seekers would crowd doctors' waiting rooms and hospital clinics, depriving other patients of timely access to health care. Dissatisfied "patients" would shop around for doctors who believed in promoting altered states of consciousness or who had decided to dispense drugs for pecuniary reasons, much as today some patients shop around for doctors who will prescribe amphetamines, Valium, Prozac, and many other prescription drugs.

The cultural implications of legalization

It is easy to understand people's frustration with the current drug problem and their willingness to consider diverse policy options. Advocates of drug legalization offer their proposal as if it were just one of many possible "policy options" for dealing with the drug problem. This is a massive understatement. Drug legalization would be more like a cultural revolution than a change in policy.

For better or worse American culture—and Western culture in general—is an alcohol culture. In hundreds of ways, many of which are merely taken for granted, alcohol serves as a symbol of good times, celebration, rites of passage, friendship, conviviality, romance, and success. People imbibe alcohol because they are happy, depressed, tense, relaxed, bored, or just thirsty. As a society, we consume more alcohol than milk. Our civilization is laced with norms about when and how much to drink. And over hundreds of

[10]In her unpublished 1989 paper "Legalized Drugs?," Dr. Sheila Blume, clinical professor of psychiatry in the State University of New York at Stony Brook and Director of the South Oakes Institute of Alcoholism and Addictive Behavior Studies, has commented:

> While many of us [physicians] work to help addicts recover (whether drug-free or through the use of methadone) few of us would be willing to perpetuate addiction whether the addict were young or old, pregnant or not. We would also be loathe to place "take home" doses of these drugs in the hands of the addicts who could easily, and would surely[,] develop an instant black market in drug diversion, selling to children and anyone else willing to buy.

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years, norms have developed to control alcohol excesses. Nevertheless, we continue to test the capacity of our culture to absorb massive amounts of alcohol safely. Alcohol abuse and alcohol-related health and social problems continue to exact a tremendous toll on our society.[11] The devastating impact of alcohol on Native Americans and Eskimos demonstrates that not all societies can safely absorb the free flow of all psychoactive drugs.

The drug-legalization movement is urging us to consider the transformation of American society from an alcohol culture to a poly-drug culture in which a wide range of psychoactive drugs—including heroin, cocaine and crack, marijuana, amphetamines, hallucinogens, barbiturates, and designer drugs of all sorts—would instantly be made the legal equivalents of alcohol. These drugs would become as widely available as alcohol and would spawn commercial industries promoting and celebrating their use. It would be as if the United States had decided to multiply its alcohol experience many times over with dozens of new drugs. The impacts of such a revolution would surely be felt in every niche of our society and culture.

Advocates of drug legalization in effect are urging the country to engage in a massive experiment. Incredibly, their hypothesis is that by legalizing all drugs and reducing their cost, the drug problem will decline if not wither away.[12] This defies everything we know about markets, deterrence, and the propensity of people—especially Americans—to seek chemical solutions to life's real or imagined problems and challenges. Moreover, if the legalization movement's hypothesis proves wrong it will be too late to go back to the *status quo ante*. Returning to prohibition after a period in which millions of consumers developed a taste for new drugs would be a daunting challenge, to say the least.

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[11]The National Institute on Alcohol Abuse and Alcoholism estimates that there are 9.1 million alcoholics and 6 million alcohol abusers in the United States. Alcohol accounts for approximately 15,000 highway deaths each year; it is involved in approximately half of all violent crimes and in one-quarter of admissions to general hospitals. See James B. Jacobs, *Drunk Driving: An American Dilemma* (University of Chicago Press, 1989).

[12]Judge Robert Sweet states: "The present climate seems to me to be optimistic: there is an emphasis on health, diet, and what one ingests. If our society can learn to stop using butter, it should be able to cut down on cocaine." (See *Drug Law Report*, January-February 1990.) On the other hand, Professor Nadelmann writes in *The Public Interest*: "It is thus impossible to predict whether legalization would lead to much greater levels of drug abuse, and exact costs comparable to those of alcohol and tobacco abuse."

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Given the extraordinary risks of such an experiment, and the fact that no other country in the world has sought to try it, one might have expected many people who today proclaim themselves to be "for legalization" to have demanded to know just what is meant by legalization, how it would work, and how it would affect key institutions of American society. Those questions are being asked all too infrequently. The legalization debate continues to be waged at an abstract and simplistic level. Perhaps the most important negative effect of this current debate is that it is diverting time, resources, and attention from the more pressing question of how to reform the war on drugs so as to reduce drug use more effectively, and to minimize social and economic costs while preserving civil liberties.

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National energy planning redux

IRWIN STELZER

ROMANIANS DO without electricity for large parts of the day. Poles and East Germans choke in the pollution from inefficient electric generating plants. The British public pays a 20-percent surcharge on its electric bills to pay for past nuclear sins of its then-nationalized power system. Russian oil production, suffering from years of government mismanagement, is in decline. China is unable to harness its vast resources of natural gas. Americans, meanwhile, have enjoyed ample supplies of relatively inexpensive oil and natural gas, and—so far—haven't had to worry too much about whether their lights will go on when they flip a switch.

The lesson seems obvious: market economies, even those with some regulated sectors, deliver adequate supplies of energy, when and where it is needed, at reasonable prices and with tolerable social costs; centrally directed, planned economies don't. Unfortunately, James Buchanan's observation that "the accumulation of empirical evidence must ultimately dispel romance" is not applicable to bureaucrats, even Republican bureaucrats, who inhabit the well-lit, air-conditioned offices of the White House and the Department of Energy.

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So, last year President Bush directed the DOE (an agency Ronald Reagan and his vice president promised to abolish) "to lead an inter-agency effort to develop a National Energy Strategy ... [to] serve as a blueprint for energy policy and program decisions." Pursuant to that directive, Secretary of Energy James Watkins "opened a dialogue with the American people," holding fifteen public hearings, receiving more than a thousand written submissions, and compiling a hearing record of some 12,000 pages. This resulted in a 230-page "Interim Report," which will form the basis for still more public comment, en route to a year-end "first edition of the National Energy Strategy." In the words of a triumphant DOE press release, "the report will provide a baseline for development and analysis of energy options."

The bipartisan applause for this effort is deafening. The General Accounting Office, not notable for its support of Republican initiatives, has only good things to say about this one: "We support the initiative to develop a national energy strategy and believe that such a strategy is sorely needed and long overdue." Rather than trust consumers and the marketplace, the GAO is eager for government to "propose initiatives for guiding future energy choices...."

The costs of government intervention

The cause of those who argue for government intervention in energy markets received a fillip over this summer when Iraq appropriated for itself Kuwait's oil reserves. This put a total of 7 percent of the world's oil production, and 20 percent of its reserves, into the hands of an expansionist despot who, among other things, wants to keep oil prices at levels that the so-called "price doves" among his fellow cartelists have so far avoided. Surely, the planners' skills are needed to offset the machinations of Saddam Hussein.

Grizzled observers of past efforts to forge a national energy policy are taking tight hold of their wallets. If history teaches anything, it is that government interventions in energy markets create shortages (natural gas, gasoline), gluts (natural gas), raise costs (electricity), and lead to enormous inefficiencies.

This country has suffered through President Nixon's "Project Independence," launched in 1973 to enable us, in his words, "to meet our own energy needs without depending on any foreign sources." Since then, imported oil has risen from 35 percent to almost 50 percent of our supply. Nixon also treated us to a gasoline-

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allocation scheme that led to long lines at all pumps except those on Capitol Hill that were reserved for congressmen. President Carter repeated that error by promulgating federal controls on thermostat settings, substituting sweaters for oil and gas heat and sweating for air conditioning. This he called the Moral Equivalent of War, a macho analogy to real war that was somewhat reduced in force by its unfortunate acronym—MEOW.

Presidents have not acted alone in this silliness. In 1978 Congress chipped in with the National Energy Conservation Policy Act. Section 682 of the act contains this "finding": "The Congress recognizes that bicycles are the most efficient means of transportation." The image of Tip O'Neill and Ted Kennedy pedaling up Capitol Hill to support this measure is amusing.

All of these efforts to manipulate the energy economy would be more amusing if they had not been so costly. After the first OPEC price shock, attempts to control oil prices cut billions off our GNP and contributed to the inflation that plagued the 1970s. Attempts to prevent the use of natural gas in utility boilers increased both electricity prices and pollution levels—all to conserve a fuel now in excess supply. Legislation to force electric companies to buy power from independent firms jacked up supply costs and contributed to an inefficient increase in generating capacity.

That President Bush should consider reinserting the government into the energy business should, on reflection, come as no surprise. As vice president he responded to a collapse in oil prices with a widely publicized appeal, made during a visit to Saudi Arabia, for stable (most observers took this to mean higher) oil prices. Fortunately, President Reagan shot down his lieutenant's effort to transfer large amounts of income from the vice president's oil-consuming Maine neighbors to his oil-producing Texas neighbors.

But President Bush's ardor for some sort of national energy strategy, rather than fluctuating, market-determined prices, remains uncooled. Like his predecessors—indeed, like most politicians here and abroad—he finds it difficult to leave energy pricing, and demand and supply decisions, to consumers and producers interacting in a free market.

The most obvious reason for continued government attention to the energy economy is that powerful pressure groups are affected by what goes on in those markets. Tales of oil barons and their more modern corporate counterparts lobbying for government favors dot American history books. From the days of Teapot

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Dome, and earlier, the oil industry has had an intense interest in the leasing of oil lands. It also has had a huge stake in import policy, at times winning quotas or tariff protection that would turn Lee Iacocca green with envy.

In short, government action (or inaction) in energy markets means money. Higher oil or natural-gas prices send a huge flow of dollars from New England and the Midwest southward, just as surely as will the taxpayer bailout of the savings-and-loan depositors. Lower or controlled prices reverse the regional flow, conferring windfalls on northern consumers, and devastating the economy of Texas—the home state at various times of presidents, Senate and House leaders, and key cabinet officers. The *Economist* estimates that every one-dollar fall in the price of oil costs Texas 25,000 jobs. The stakes are simply too high for politicians to adopt a consistent hands-off attitude toward energy markets.

Social control and energy policy

These financial motives are so transparent, and so easily understood, that actions taken in pursuit of them only occasionally cause problems. When oil companies bribe federal officials (Teapot Dome) or attempt to buy senators (natural-gas decontrol), or when oil-industry opponents raise a cry about "obscene profits," the issues are on the table for all to see.

This is not the case with those who use energy policy as an instrument for implementing their broad social agenda. In the late 1970s we were treated to the Club of Rome and similar groups' fears that the world was running out of resources and that stringent efforts to curb consumption were essential. This view had its roots in the sumptuary mentality of the Middle Ages, derived in turn from ancient Greek and Roman statutes limiting expenditures on funerals, per-capita entertainment, and dress. Malthus resurrected this nervousness about over-consumption in a mixture of economics and moral judgments that found its way into President Carter's piety: "[T]oo many of us now tend to worship self-indulgence and consumption.... [P]iling up material goods cannot fill the emptiness of lives which have no confidence or purpose." In short, small is beautiful, less is more. It was a short jump from that view to establishing a national energy policy that was "the moral equivalent of war," to be won by establishing "a new conservation ethic." For if one believes that Americans are overly self-indulgent consumers of material goods, energy policy is the

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perfect tool to exorcise that devil. Car pools instead of stereophonic privacy when driving to work; the equality of mass transit, enforced by restrictions on gasoline and vehicle use; summer thermostats at 78°, winter settings at 65°; frosty refrigerators and manually cleaned ovens, substituting manpower for electric power: all have been ingredients of various national energy plans. All, if effectively implemented (often an impossibility), save energy and satisfy the yearnings of the Malthuses, Carters, and their ilk for a return to a simpler, more austere, and therefore more virtuous life.

Such a change, whatever one thinks of it, in what we have come to call "life style" is only tangentially related to energy policy, which is merely the lever used to pry Americans from their attachment to material things. It should come as no surprise that groups that worry about Americans' attachment to material goods oppose nuclear power as too dangerous, coal as too dirty, and oil as environmentally unacceptable because of the effect of offshore drilling and, lately, oil spills. Their preference is conservation—reduced demand rather than increased supply.

Oil and our national security

Not all proponents of a national energy policy share this minimalist view of the good life, of course. Others worry about national security, which they believe is threatened by an excessive reliance on imported oil. With America now dependent on such supplies for almost 50 percent of its oil needs, those concerns are not irrational. After all, the oil embargo and the oil price "shocks" of the 1970s did contribute to the stagflation of the late 1970s, costing us dearly in income and jobs. And the more recent Middle East crisis may well produce more of the same. This can be avoided, interventionists argue, by subsidizing domestic production, setting import quotas, or mandating reductions in gasoline consumption.

There are two responses to this argument for a national energy policy. The first is that the 1990s are not the 1970s. We have learned, for one thing, that price controls are not an efficient response to supply interruptions or price spikes. The imposition of price controls in the 1970s encouraged excessive consumption in response to the artificially lower prices and discouraged the development of domestic supplies.

We have also learned the modern value of Joseph's Biblical advice to the Pharaoh about lean years following fat ones. Our strategic reserve of oil now totals 600 million barrels, the equivalent of

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eighty-one days' supply. In addition, we have diversified our sources of crude-oil supplies: 70 percent of our imports come from Venezuela, Mexico, Canada, and other nations outside of Arab OPEC.

The second response to those who see a national energy policy as necessary to national security is more complicated, since it cuts across several of the energy industries. It stresses the need to adopt a program that makes markets work better, rather than one that substitutes the heavy hand of government for the invisible hand of Adam Smith.

Tariffs and the "true" costs of oil consumption

Economists have long recognized that markets efficiently allocate resources only so long as the prices attached to the products in question correctly reflect the costs of producing those products. Those costs include the labor and capital employed in the production process, and the cost of what on the surface appear to be free goods, clean air and water being the most notable. It is now widely accepted that many production processes, especially those involving the burning of fossil fuels, consume environmental resources. To the extent that the cost of those resources is not reflected in the prices of those fuels, consumers receive an erroneously low price signal, causing them to overconsume. That much seems clear to all parties to the dispute over energy policy, from Governor Sununu to the greenest environmentalist. Their squabble is over how much these environmental resources cost, and how best to force producers to reflect those costs in prices.

Not so obvious, except when some crisis bursts upon us, is the fact that the importation of oil also imposes costs that are not reflected in the price of crude oil. For one thing, the impact of imports on our rate of inflation, balance of payments, and national defense, combined with the effect of our incremental consumption on world oil prices, means that current oil prices do not reflect all the externalities associated with our level of oil imports: even the cartel price is below the true marginal cost of that oil to us. This means that America consumes more imported oil than is economically optimal.

To achieve an optimal level of consumption, the price of imported oil must be raised high enough to reflect its true marginal cost to society. This can most efficiently be accomplished by a tariff of about $10 per barrel, according to an estimate by

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Harvard's William Hogan. Such a device would, of course, adversely affect domestic oil consumers. But it would do so only because those consumers are not now paying the full cost that their oil consumption imposes on society. In short, a properly conceived tariff would end their subsidy. And it would sop up economic rents otherwise available to the OPEC cartel and its fellow travellers, while at the same time providing a more efficient incentive to the development of new technologies than would the subsidization of the "promising" technologies so beloved of environmentalists (solar, wind), construction engineers (synthetic fuels), and farmers (grain-based motor fuel).

Note that imposition of such a tariff is entirely consistent with leaving the energy business to the market. It merely gets the price signals right, and then lets consumers decide how much imported oil to use, and domestic energy producers how much oil (or alternative fuels) to produce. The alternative of doing nothing encourages overconsumption of deceptively low-priced imported oil. And the alternative of quotas involves the government in deciding just who gets how much of the bargain-basement petroleum.

The failure of past allocation systems, many devised in response to previous Middle East eruptions, is proof enough that the most recent (Iraqi) threat is no basis for an interventionist national energy policy. Saddam may get prices up, largely because we failed to do so first with a tariff. But higher prices produce far fewer dislocations than a government rationing scheme—it is one thing to pay more for gasoline, another not to be able to get any because some bureaucrat allocated too much to the wrong place. And a policy of getting prices right, by internalizing the environmental costs of fossil-fuel use and reflecting the economic and security costs of imported oil in its price, would have other salutary effects. It would increase the relative attractiveness of conservation techniques—with energy prices at higher, economically efficient levels, it would pay for more people to insulate their homes, drive more slowly, and turn off the lights when leaving home—without a web of government rules limiting energy consumption. And it would encourage the reappraisal of nuclear power now being whispered in policy-making circles, by changing the relative costs of fossil fuels and nuclear-generated power.

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A nuclear revival?

The American nuclear program is now moribund. Although some 112 licensed and operating nuclear reactors now provide about 20 percent of the nation's electricity, no new plants have been ordered since 1978, and several have been cancelled. The reasons for this state of affairs include inept management of, and huge cost overruns on, nuclear projects; changing federal safety regulations; state rate regulations that levy *ex post facto* penalties on companies investing in plants that hindsight proved not to be needed, just yet; an inability to devise a politically acceptable means of disposing of nuclear waste; media that consider Jane Fonda an authoritative source of scientific information; politicians who pander to local hysteria by closing down plants that are completed and ready to produce needed energy; and, until recently, a slowdown in the growth of demand for electrical energy.

Whether or not the nuclear program in America will recover—with newly designed, smaller, and safer plants having a role in the next century—is difficult to determine. Experience has taught that it is foolish to rely on the optimistically low cost estimates of committed technologists, or on the counterclaims of conservationists who specialize in very high cost estimates. Both proponents and opponents of nuclear power regularly fail to concede the obvious: predicting the costs of nuclear power and comparing them with those of oil, gas, and coal plants is extraordinarily difficult. What Oxford's George Yarrow calls "the balance of advantage between the alternatives" depends on the course of coal, oil, and gas prices well into the next century, the long-term level of interest rates, and the course of environmental and safety regulation—variables that no responsible economist can forecast with an easy conscience.

Fortunately, there is no need for policy makers to adjudicate these disputes over cost projections: that's what the market is for. For the past decade the market has been saying that it will not commit capital to the construction of nuclear plants, given the prospects for demand growth, the costs of constructing the plants, and the regulatory environment in which the electric-utility industry operates. Ordinarily, those who support market-determined solutions to energy problems would applaud the decisions to cancel plants, and the refusal of the industry to start new ones. But the world of nuclear power is no ordinary one.

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For the current sorry state of our nuclear industry is due only in part to the low demand and high cost projections that entrepreneurs have faced. It is due equally to the asymmetry of risk created by state regulators. If a nuclear plant is built on time and within the projected cost, the utility is permitted to earn a modest, so-called "reasonable" return on that investment. If the power produced proves to be cheaper than that from fossil-fuel plants, the benefits are passed on to consumers in the form of lower electric rates. But if the plant significantly overruns its cost projections, or is late, or proves to add to excess capacity for some time (these plants take a decade to build, and often are not "needed" at the moment of completion), the investor is likely to face a regulator who will deny him a return on, and possibly a return of, the billions of dollars of capital committed to the plant. Unless this asymmetry is eliminated, markets cannot perform their function of determining whether it is appropriate for investors to risk their capital on the construction of nuclear plants to meet future power needs. If we are ever to find out who is right—those who think that nuclear power has a cost-effective role to play in our energy future, or those who argue that it is wildly expensive, and that small gas-fired plants and conservation are more efficient—this asymmetry must be eliminated. We don't need nuclear subsidies; we do need a system of regulation that permits markets to work—that is, to reward entrepreneurs who guess right and to penalize those who guess wrong.

Forecasting energy demand

Until recently, resolution of this issue was more important to the private investors who had committed billions to nuclear plants than it was to the broader national interest. With substantial excess generating capacity available in most parts of the country, few large power plants of any sort were needed. But that circumstance may well be changing. Economists at the Federal Reserve Bank of Boston have reported what New Englanders know: utilities in the region have had to invoke "emergency operating procedures in order to cope with the region's peak demands for electricity." New York utilities may, but will not certainly, be able to meet projected demands later in this decade. Wisconsin utilities and regulators are reported in the trade press to be scrambling to figure out how to supply the power their customers will need in a few years. Florida utilities resorted to rolling blackouts when severe cold weather hit

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the state last winter. "We ... will need to build a lot of generating capacity over the next ten years," concludes Federal Energy Regulatory Commission Chairman Martin Allday. Now seems to be the time when the market should be freed to appraise the nuclear option.

This conclusion seems unassailable even if we recognize that forecasts of energy demand are notorious for their unreliability; the joke in the trade is that energy forecasters were invented to make economic forecasters look good. The reasons for past failures to forecast the demand for energy with any accuracy are partly technical and partly institutional. On the technical side, such forecasts rely on elaborate econometric models, which depend heavily not only on data relating to the energy industry (prices, quantities demanded, etc.), but also on forecasts of GNP, one of the driving forces behind energy demand. As a consequence, any error in forecasting the general level of economic activity—and current debates over whether we are headed into a recession or are to be blessed with a renewed spate of growth suggest how difficult economic forecasting is—has a magnified effect on energy-demand forecasts.

Equally important is the fact that energy forecasting, as it has been practiced, is a mixture of analysis and self-serving numbers manipulation. Since the financial community now tends to frown upon utilities with large construction programs—the fear being that regulators will not permit an adequate return on newly invested capital—the pressure on all utilities is to forecast zero or low growth, so that analysts will be persuaded that the company will not be raising and investing new capital in the industry. On the other hand, a new generation of would-be energy czars prefers a high-growth scenario, since it desperately needs an impending shortage in order to support its arguments for government intervention in one form or another. After all, a crash program to build subsidized nuclear plants, or to require people to use less energy, or to require more fuel-efficient cars, makes no sense unless there is a projected shortage of energy.

Let markets do the work

The good news is that whereas central planners need consensus forecasts, market economies don't. Market-driven economies are ecumenical enough to include those who predict oversupply, and those who see an opportunity for profit in building new plants. The

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latter risk their capital, in the hope of profit if they guess right, in the certainty of losses if they guess wrong.

Unfortunately, that description of a functioning capitalist response to consumer needs doesn't quite fit the existent energy market. And both the private and public sectors are to blame.

On the private side, large elements of monopoly power operate to prevent supply from efficiently meeting demand. In the electric-power industry some companies can use their control of transmission capacity to prevent competitors from getting cheaper power to market, and railroads use their control of rights-of-way to prevent coal-slurry pipelines from competing effectively with rail carriers.

On the public side we have statutes that require utilities to buy power from inefficient suppliers, regulations that have been used to confiscate shareholders' investments in power plants, and subsidies for various forms of energy that appeal to one or another set of legislators.

Given this leaky fountain pen, the federal energy bureaucracy is preparing to don a pair of rubber gloves—the National Energy Strategy. It is true, of course, that the White House and the DOE have been careful to emphasize their desire to rely on market forces. But their understanding of that term has so far been broad enough to include proposals to subsidize domestic oil and gas production, and solar research. In this post-Reagan era the willingness to let markets provide answers seems to be waning. Most politicians, after all, are rivals of markets: the more we rely on the latter, the less power we confer on the former.

The alternative to the development of a new grand strategy is to use existing tools to make markets work better. Prices should be made to reflect the economic cost of each energy source, and regulators should be required to allow investors a reasonable chance to earn profits commensurate with the risks that they take. Also, monopoly positions should be challenged, so that competitive suppliers of energy—oil, nuclear, coal, and conservation technologies—can have equal access to markets. Subsidies, be they for Senator Dole's corn farmers or the greens' solar advocates, should be eliminated.

This freeing up of markets is not a national energy policy, as that term is generally understood. It is a program to permit private entrepreneurs to go about the business of satisfying consumer needs, confining regulation to those areas in which effective com-

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petition is not feasible. (Just as economic deregulation of airlines coexists comfortably with stringent safety regulation, so reliance on market forces can coexist with safety and other rules for nuclear plants, coal mining, and the use of oil tankers.) A program to make markets work better is, in short, a means of making a centrally constructed energy plan, or strategy, unnecessary.

Such a market-improving series of steps is intrinsically superior to any government-instituted energy plan. This is so not because government officials are less able than their private-sector counterparts, but rather because the mistakes that the government makes are carved in stone: it takes time, sometimes years or even decades, before Congress or a government agency even recognizes that it has made a mistake, let alone remedies it. Private-sector errors, on the other hand, are less enduring. We do not have to wait for the businessman to discover his own errors, because his competitors will discover his errors for him. If an oil-company executive sends inadequate supplies to a particular region, that will merely create an opportunity for his competitors; they will try to capitalize on it by increasing their supplies to the very region that the first executive undersupplied. If private-sector investors back a technology that does not work, they go bust; if the government backs one, more taxpayer money can always be conscripted to continue the program.

Recent history supports this view. Even the imperfectly competitive and partly regulated markets that constitute our energy economy have provided effective cures for many of the problems that began with OPEC's unsheathing of "the oil weapon" in the early 1970s. The grip of OPEC has been loosened because the extortionate prices set by the cartel induced consumers to use less oil, and producers to develop alternative supply sources. The oversupply in the electric-power business is being whittled away by demand growth and by asset write-downs, the latter resulting in demand-stimulating lower prices. The natural-gas glut is being worked off, ever so slowly, and contractual problems hanging over from the days of price regulation are being resolved. The environmental costs of fossil-fuel consumption (and, some say, more) will be reflected in prices when the new Clean Air Act comes into effect. And plans are slowly being drawn up by utilities and independents to build plants to meet future electricity needs. As a sailor, President Bush should know that, in such circumstances, steady as she goes is a much wiser course than a lurch to port.

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Our nonexistent housing crisis

IRVING WELFELD

JUST AS Chicken Little continually announces that the sky is falling, so there are always policy intellectuals in the vicinity of Harvard Yard to lament the end of affordable housing and to proclaim the onset of a housing crisis. To quote MIT's Bernard Frieden: "The cost of new housing today prices most American families out of the market.... Ownership of new homes is effectively limited to the top quarter of American families."

Frieden did not write this recently; his proclamation dates instead from the mid-sixties. A decade later Frieden updated his analysis. In retrospect, the 1960s turned out not to be so bad; after the fact, they were assimilated into the golden age of housing from which, he thought, we had regrettably just emerged:

> From the late 1940s through the sixties, a new suburban home was within the reach of most middle-income families. Since the late 1960's ... the young family trying to buy its first home faces high prices and few choices.... In a country where homeownership is the middle class norm, where consumers have high expectations, ... the problem is serious.

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And in the eighties, the Joint Center of Housing Studies at Harvard continued the tradition of waxing nostalgic for the recent past:

> During the 1970s, the real cost of owning was low and declining.... Throughout the 1970s the relative low price of homeownership encouraged households to purchase homes.
>
> High housing prices and interest rates have made it much more expensive to buy and maintain a home now than in the 1970s. This affordability problem is especially acute for first-time homebuyers. The heavy financial burden of owning is linked to the steady drop in the homeownership rate.

Calamity is not just around the corner

Yet those who proclaimed the onslaught of housing crises were consistently wrong before, and they are wrong again today. America may face many problems, but a housing shortage is not among them. There are over 105 million housing units in the country. That breaks down to 500 million rooms, and a bedroom for everybody in the United States.

The building industry is more than keeping up with population growth. Between 1980 and 1989 the population grew by 10 percent, and the housing inventory grew by 19 percent. The result can be seen by looking at the vacancy picture. There are 12.2 million vacant units, which equals the total housing stock of Argentina or Canada. As is so often the case with statistics, to be sure, there is less here than meets the eye; many of the vacant units are second homes or are off the market for a variety of reasons. Nevertheless, there are 3.9 million vacant units on the market—at least five for every homeless person. The vacancy rate for one- and two-room housing units is 16.7 percent.

Although homelessness obviously exists, it is not primarily a housing problem. The Department of Housing and Urban Development's *1988 National Survey on Shelters* provides the following discouraging profile of the homeless, which goes far toward explaining why they have no homes: 33 percent were alcoholics, 21 percent were victims of domestic violence, 25 percent were drug abusers, 34 percent were mentally ill, 11 percent were physically disabled, and 1 percent had AIDS. In shelters that serve families with children, half of the adults were victims of domestic violence, 20 percent had alcohol problems, 21 percent were drug abusers, 12 percent were mentally ill, and 5 percent were physically disabled.

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These figures add up to more than 100 percent, because two or more of these descriptions apply to some homeless people; poly-addicts are double-troubled. Some of the homeless, however, do not fit into any of these categories. Who are these others, and is their homelessness primarily a housing problem? An answer is provided by Martha Burt; her Urban Institute study *America's Homeless* estimates that 29 percent of single homeless men have served time in a state or federal prison. Department of Education figures show that 75 percent of adult prisoners are illiterate; this would suggest that many of the homeless are able-bodied young men who have the mental capacity but not the education needed to enter the labor force. Still others, who may not be mentally ill in the strict definition of that term, may nevertheless have trouble fending for themselves. Consider, for example, the homeless Washington artist whose story is told by Scott Shuger in a recent *Washington Monthly* article on homelessness; the artist told Shuger that he was waiting for a $10,000 loan in order to bring his million-dollar collection to New York.

For all of their troubles, few of the homeless are better off on the streets or in helter-skelter shelters than in decent housing. But Shuger points to the difficulties:

> There can be all the low-cost housing in the world, and an untreated paranoid won't set foot in it, and an untreated schizophrenic might burn it down.... And a drug addict will spend the rent money on crack.... [And] if [the homeless artist] were offered a non-glamorous job to make rent, would he take it?

We can come to grips with homelessness only when we realize that the homeless are not like us; instead they need a helping hand offering social, educational, medical, and mental-health services in safe and decent settings.

Affordability and the ownership rate

Those who argue that we have a housing problem are most concerned about affordability. They wonder why the building industry can't provide new housing that low- and moderate-income households can afford. They fear that the drop in the home-ownership rate indicates that many young people will never be able to afford their own homes. Finally, they worry that many renters pay too high a percentage of their incomes for housing. Objectively, however, there is little cause for concern on any of these scores.

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To begin with, it is not necessarily a sign of market failure that households cannot afford new homes. Housing economist Wallace Smith explains:

> Housing commentators ... are fond of producing data which show that new housing is beyond the means of [the] middle-income ... as well as the low-income group. It is a *non sequitur* to conclude that middle-income households need subsidies because this group finds its housing in the existing stock of dwellings. Indeed, *the ordinary homebuilder's reason for not trying for the ... group is that he cannot compete with the used housing market where such families get substantially more for their housing dollar.*

It is true that prices for new houses have risen rapidly. But this is largely because homes have been getting bigger and better. The average new single-family home had only 1,385 square feet of space in 1970, compared with 1,818 square feet of space in its 1988 counterpart. In 1966, 25 percent of new homes were centrally air-conditioned; in 1988, 75 percent were. Between these same years the proportion of new homes with more than two and one-half baths rose from 19 to 42 percent. Similarly, only 35 percent of new homes had fireplaces in 1970, but 65 percent did in 1988.

While it is no doubt true that many young buyers cannot afford new homes with two-story foyers, two or more bathrooms, and three or more bedrooms, neither could their parents when they bought their first homes. The crucial fact to remember is that more modest alternatives are widely available; 99 percent of American homes are not new.

The facts about home ownership also offer few grounds for panic. The 1980s, like the 1970s, were very good years for home ownership. In the face of a demographic onslaught during which the number of ideal candidates—married couples with children under eighteen—declined by 250,000, the number of female-headed households increased by three million, and the number of single households increased by 4.7 million, home ownership held its own. There were seven million more home owners in the summer of 1989 than there were occupied housing units in 1960. Nearly four out of every five married couples owned homes; half of all singles with their own households were home owners. There was a drop in the ownership rate for those aged thirty to thirty-four, but it was not earthshaking; the rate fell from 75 percent in 1980 to 68 percent. (It is worth recalling that in 1965 the average age of the first-time home buyer was thirty-eight.) As Paul Freund has

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noted, "It is important to distinguish between the sound of a popgun and the crack of doom."

Belief in the difficulties faced by first-time home buyers is mostly rooted in the investment psychology that arose during the inflationary housing spiral of the late seventies and early eighties. People worried then that housing prices were rising so rapidly that the opportunity for home ownership was slipping away. But times have changed; inflation was caged, if not tamed, in 1982, and in the eighties—unlike the seventies—household income rose faster than housing prices. Between 1980 and 1987 incomes rose by 46 percent, while housing prices increased by only 32 percent. Ironically, the "crisis" as we enter the 1990s is a housing glut; in the media forest of bad-news bearers, our successes, like Goldilocks's, are only momentary.

The rental sector

Surprisingly, most of the news emanating even from the rental-housing market is not bad. During the 1980s production of rental units increased, vacancy rates rose, and governmental assistance increased. Six million rental units were added to the nation's housing inventory in the 1980s, compared with only four million in the 1970s.

The vacancy rate in 1980 was 5.2 percent, but it reached 7.3 percent in 1989. Nor were these vacant units exclusively at the top end of the market. The vacancy rate for units with monthly rents between $200 and $249 was 7.8 percent; for those with monthly rents between $250 and $299, it was 8.8 percent.

Of twenty-six metropolitan areas in 1988, only New York and San Francisco had vacancy rates under 4 percent; only two other areas had rates under 5 percent. A more comprehensive analysis by HUD economist Connie Casey, which covered fifty-nine metropolitan areas, taking into consideration building activity and employment growth, concluded that only seven could be categorized as "balanced to tight," and only one as "tight."

In spite of the efforts of the Reagan administration, the federal government is providing far more housing assistance today than it did a decade ago. This is because we entered the eighties with a large backlog of commitments to build new public housing. At the end of 1979 only 2.9 million households were being subsidized, whereas 4.2 million were subsidized in 1989.

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By and large, renters live in uncrowded conditions. There are 1.9 bedrooms for every two renters. More than a third of renters live in single-family homes. In terms of shelter, the renter of a house is certainly no worse off than the owner of a condominium apartment.

The news is less good, admittedly, on the affordability front. The average renter has a higher rent burden than in 1980. The rent-to-income ratio rose from 27 percent in 1980 to 29 percent in 1987. The proportion of renters paying more than half of their income for housing also rose, going from 18 percent in 1980 to 20 percent in 1987.

Factors both inside and outside the housing market explain the difficulties that renters now experience. Basically, housing is getting better, and so renters must pay more for it. The disappearance of low-rent, low-quality units is reducing housing options for many of the poor, who must live in better and more expensive housing.

In 1977, 7 percent of renter-occupied units were characterized by HUD, drawing on the census's American housing survey, as "severely inadequate." In 1987, only 2.6 percent were so characterized. Nor were these defective units occupied exclusively by the poor; 27 percent were occupied by households with incomes over $20,000.

The problems faced by today's renters also stem from the fact that they differ greatly from the renters of yesteryear. The rental sector is bearing the brunt of social and cultural changes. In 1950 seven out of ten married couples were renters. Today married couples represent little more than a third of the market. Less than one out of every five rental units is occupied by couples with children. In 1950 one out of every eight renters was living alone; today, more units are rented by singles—who make up 36 percent of all rental households—than by couples. Close to half of renters with incomes under $10,000 are singles. Seventeen percent of the rental market consists of families headed by a single or divorced woman; half of these families have incomes below the poverty line.

Nevertheless, these statistics make the affordability problem confronting poor renters seem worse than it really is. Statistics regarding the high rental burden of the poor do not, for example, include in-kind benefits; when they are factored in, the rent burdens of the poorest renters are reduced by as much as a third. Nor do the statistics include income from the underground economy. This income is substantial; as Isabel V. Sawhill noted in her Summer

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1989 *Public Interest* article on the underclass, Christopher Jencks has found that in the mid-1980s consumption in low-income neighborhoods was more than two and one-half times the reported income of their residents.

High rent-to-income ratios mask the fact that in dollar terms housing-assistance payments of as little as $120 a month would solve the affordability problem; for purposes of comparison, housing vouchers today provide on average $300 a month. The median rent of households with incomes between $5,000 and $10,000 is $299; the median rent-to-income ratio in such households is 50 percent. A payment of $120 a month would drop the rent-to-income ratio for a household with the median income of $7,166 to 30 percent.

In dollar terms we are quite close to eliminating the affordability problem. There are approximately 5.6 million renters with incomes below the poverty line living in non-subsidized private housing. Housing subsidies for these renters that averaged $1,500 per year would have an annual cost approximating $8.5 billion a year—substantially less than 1 percent of our trillion-dollar-plus budget.

The Bible guarantees only that the poor will always be with us, not that they must always be badly housed. That the poor are often still badly housed testifies chiefly to our lack of generosity and wisdom.

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The compelling case for youth apprenticeships

ROBERT I. LERMAN & HILLARD POUNCY

EIGHT YEARS of an expanding economy have brought high employment and raised real incomes, but we remain surrounded by the daily evidence of social disarray—drug-related murders, child abuse, illegitimacy, homelessness, school failure, and the like. Less dramatic but also disturbing are the continuing signs of U.S. economic weakness, as evidenced by America's low productivity growth and large trade deficits.

Educational improvement should offer solutions, and liberals and conservatives agree that better public elementary and secondary schools are needed. Most people, especially employers, have lost confidence in the ability of high schools to educate effectively. The Reagan administration's 1982 report *A Nation at Risk* was only the most publicized of a whole wave of reports documenting the failures of America's elementary and secondary schools. The resultant school reforms have already moved through several phases, emphasizing first the basics, and then the development of higher-order skills. Other educational reforms have included the testing of both students and teachers, pay increases for teachers, and increased school accountability.

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The many strands of school reform, unfortunately, have brought only modest overall gains to date. For many inner-city youth, improvements stemming from school reform have been negated by the depressing rise in crime and drug use. Clearly, another strategy is necessary. The most appropriate one, we suggest, is to tie students' schooling to their subsequent jobs and careers.

There is no such link in today's American high schools for students who do not go on to college. Although better performance in school does ultimately lead to increased wages, it has little effect on a student's first job. Employers rarely obtain high school transcripts, examine high school teachers' recommendations, or test students' knowledge themselves. The bleak career outlook for workers without college education discourages young people, particularly inner-city minority youth, to whom the gains from studying look trivial in comparison to the lures of the street. This, in turn, causes many young people to do poorly in school, which means that they do not acquire necessary skills.

The deficiencies in education and skill of high school graduates have no doubt contributed to the widening gap between their earnings and those of workers with college educations. Between 1973 and 1987, the ratio of college graduates' wages to high school graduates' wages rose from 1.49 to 1.81 for young men with five to nine years of work experience. In fact, in terms of purchasing power, the earnings of high school graduates actually declined over the last fifteen years.

It is critical somehow to link students' schooling to their subsequent careers. But the connections cannot be artificial, cannot stem from the charitable impulses of local firms. Genuine links must make young workers more productive, thereby increasing their pay and occupational status. Such links can best be forged through a system of career internships and/or apprenticeships for non-college youth, beginning in their late high school years.

Elaborate apprenticeship systems are widely used throughout Germany, Switzerland, and Austria. But only recently have U.S. policy makers begun to examine their method of launching young people into jobs and careers. Albert Shanker, former president of the American Federation of Teachers, contends that an apprenticeship system would be "worth more than all the anti-dropout programs in the country." The W.T. Grant Commission, headed by former U.S. Commissioner of Education Harold Howe III, highlighted the earnings problems of non-college youth and

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called for a variety of policies, including apprenticeship. The recent report of the Commission on the Skills of the American Workforce, headed by former labor secretaries William Brock and Ray Marshall, emphasized the weakness of American career-oriented programs for non-college youth. The commission proposed several new steps, including a system of technical and professional certificates based on national competency standards for various occupations. Employers would help prepare young people to meet these standards through part-time work and training. The U.S. Department of Labor recently signaled its interest in such programs when James Van Erden, director of the new Office of Work-Based Learning, recommended that we expand work-based training that uses features of apprenticeship. And the Pew Memorial Trust, the nation's second largest foundation, recently began supporting a project to develop youth apprenticeships in fifteen sites throughout the country.

Motivating students

The link between school and careers is important because it can encourage students who do not go on to college to do better in school. Such students have a general sense that earning a high school degree will affect their access to jobs. Their schools typically offer little guidance about the job market, however, and students tend to see little connection between how well they do in school and their chances of obtaining good jobs and entering specific careers.

Students' perception that schooling is irrelevant to their future jobs contributes to peer pressure that discourages many from working hard in school. This problem is especially severe in many inner-city black communities. A study conducted in Washington, D.C., found that many black students deride striving for academic success as "acting white." The resulting tensions force good students to disguise their efforts to succeed. Even in high schools outside minority inner-city areas, students who do not go on to college rarely receive sufficient rewards for academic success to lead them to withstand the mockery of their peers.

As Lauren Resnick, former president of the American Educational Research Association, has pointed out, the irrelevance of schooling to non-college youth is accentuated by the enormous differences between the learning methods that schools use and the methods used at work and elsewhere. For example, schools stress

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individual rather than team approaches, and students manipulate symbols and abstract thoughts; elsewhere people work in groups and use tools to deal with specific situations. Not surprisingly, many students do better when their learning has concrete applications. The experience of many recruits in the armed forces demonstrates that students with limited abilities often succeed better in courses taught under the "functional context" approach than through standard methods. Many students, for example, learn electronics most effectively by seeing how equipment functions and how to maintain it.

Perhaps because of these differences in learning styles, many students choose vocational over academic education programs. Students go to these programs because they like work more than school, and because they prefer practice to theory. Vocational education is appealing enough to induce some potential dropouts to remain in school and to improve their academic skills by taking courses that stress learning through applications. Unfortunately, vocational education in American high schools today is defective, most notably because the students' courses of study often do not match their subsequent jobs. Less than three of ten vocational-education graduates work at jobs in which they use the skills that they learned in school.

Postsecondary vocational-education schools are also problematic. Although many of them train students effectively and place them with employers, the training often reflects the schools' strengths rather than the demands of the job market. Thus the students' training frequently fails to prepare them for the jobs in which they are placed. The system is also rife with abuses. Proprietary vocational schools sometimes profit by attracting impoverished students who qualify for federal loans, and then sending them to facilities that lack equipment or trained instructors. In addition, students often default on their loans—in 1986 their default rate was 40 percent—and thus end up paying little toward their schooling.

The weaknesses of the existing vocational-education system are inherent. Schools are run by people who have little incentive to ensure that they offer good training. It is true that providing such training can improve a school's reputation. But schools can use other methods to attract students, and potential consumers often know little about a school's record. The situation is far different when an employer spends his own money to train workers whom

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he expects to remain with his firm for many years. Those who train such workers have an incentive to perform well, since their employer is in a position to evaluate their students' success.

Apprenticeship in Germany

Germany successfully links education to the workplace. The German model succeeds by offering incentives to employers, students, and educators. Employers as a group believe that their training system gives them a major competitive advantage over foreign rivals. The individual employer who sponsors apprentices can realize a return on the training investment, through the increased long-term productivity of his workers; the employer is also able to observe potential workers during try-out periods. The investments and expected returns vary from industry to industry, and also according to firm size. Large employers, especially in the manufacturing fields, spend more on training than most small firms; this is because they expect a high return, with 80 to 90 percent of apprentices remaining with the firms that train them, often staying for many years. Small firms generally invest less and expect lower returns, since they employ proportionately fewer apprentices and retain them for fewer years.

Students learn about occupations in detail from seventh through ninth grade. School tracking begins about seventh grade; some students go into college-preparatory or academic-technical programs, while others enter vocational programs that prepare them for semiskilled occupations. By ages sixteen to eighteen, over half of the vocational students sign contracts with employers that specify the training and compensation that they are to receive. The students receive on-the-job training and stipends from their employers, but they must also attend school part-time. Apprentices demonstrate their abilities by taking interim and final examinations offered by boards of examiners established by employer and worker organizations. After receiving their certification, more than half of the apprentices remain with the firms that trained them; many of the rest stay in the same occupation.

The Federal Institute for Vocational Training (Bundesinstitut für Berufsbildung) coordinates the system. This institute is not a government agency, but rather an entity governed by a board drawn from employers, unions, and the government. Through the institute, competency standards are developed for nearly four hundred occupations. This process often takes years of research and negoti-

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ation among the parties. The standards specify the minimum competencies for an occupation as well as a training plan that guides the timing, sequencing, and organization of the training. Regional chambers, made up of business and union representatives, govern the program at the local level. They check the suitability of the training that firms offer, organize exams, deal with complaints, provide technical assistance, and help match prospective trainees with suitable firms.

Individual companies decide the number of apprenticeships, not a national or regional plan. Thus the system is responsive to the needs of employers. Nonetheless, the system has also successfully accommodated increasingly large numbers of students wanting positions. Between the mid-1970s and early 1980s, for example, the demand for apprenticeships jumped by 50 percent, largely because of demographics. Yet German employers were able to meet most of this unusually large increase in demand; new apprenticeship contracts rose by over 50 percent, even though total employment was falling then by 6 percent.

Apprenticeship and America's problems

A German-style system could substantially benefit us. The initial training, to be offered in places like service stations, banks, or factories, would be serious and would yield certifiable competencies; apprentices would realize that the program's training could launch them on the road to attaining desirable positions as mechanics, service-station owners, financial-service representatives, or bank managers.

Once in place, the new system would greatly enhance the incentives of students not bound for college to perform well in high school. Those who had done well by their sophomore year would have the widest pick of apprenticeships. Appropriate guidance or even street knowledge about placements would teach students by the seventh or eighth grade that academic success would be rewarded.

After starting their apprenticeships, students would see clear links between learning and future success. Their training and education would help them develop abilities relevant to their long-term careers. Bank trainees would learn to be responsible; they would see that mathematics is needed to calculate interest rates and financial returns, and that reading comprehension is necessary to understand contracts and the laws that banks must follow.

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Landscape apprentices would have to gain competence in varied fields to understand things like the chemical composition of fertilizers, the budgeting process, and the art of presenting proposals. In these and other cases, apprentices would quickly recognize the connection of their schoolwork to the completion of their apprenticeships and to success in their careers.

The high returns from apprenticeship training would encourage students to work hard both at work sites and schools. Successful apprentices would be launched on desirable careers. Unsuccessful ones, who spent three years with an employer without learning the required competencies, would forfeit time and energy, give up on potentially rewarding careers, and would have to start their job searches all over again.

Apprenticeships would also have the desirable effect of introducing students to new peer groups. Juniors and seniors who were drawn into an adult work environment would be exposed to expert workers who could be their mentors. Participants would spend less time surrounded by adolescents in schools with few links to the adult world, where learning is often denigrated and diligent students are attacked as sycophants. The majority of students who now work part-time tend to have low-skill positions, often at fast-food or retail stores, that provide minimal training and do not lead to long-term career success. In fact, the spending money that students earn at such jobs often reinforces the belief that education is unimportant.

Several existing programs recognize the need for adult mentors, especially for the large number of adolescents who lack ties with their fathers and with other adults in mainstream occupations. Some managers and professionals volunteer to help adolescents to finish school, identify career goals, and avoid crime, drugs, and out-of-wedlock pregnancies. Although these mentoring programs can be beneficial, the links that they create between adults and adolescents are somewhat artificial, focusing chiefly on the potential failures of young people. In contrast, the mentoring that characterizes apprenticeships arranged by schools and employers would be shaped by the mutual interests of trainers and students in performing concrete tasks. More lasting and stronger ties are likely to evolve from such interactions, because the apprentices would aspire to enter the occupations of the trainers and other workers.

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Supporting evidence

However compelling the logic behind an apprenticeship policy, logic alone cannot persuade a skeptical public. Government officials and legislators will rightly demand concrete evidence that the policy has actually worked, at least in an experimental or demonstration context. Such evidence is provided by the long-term and continuing success of youth apprenticeships abroad, as well as by limited U.S. experience.

The German experience most clearly demonstrates the success of the apprenticeship model. In Germany's modern, dynamic, and rapidly growing economy, about 70 percent of young people enter the job market through the apprenticeship system. Only six months after passing the German apprenticeship examination, the vast majority of graduates—over 68 percent—work in the occupations for which they were trained. German executives attribute much of their business success to their sophisticated work force, trained largely under the apprenticeship program.

Detailed studies confirm their convictions. French sociologists compared the performance of selected French and German firms in the same industries with similar physical plant and equipment. They found that German firms are more productive, largely because of the German system of training and certifying workers. German factory workers not only attain higher skills, but also develop closer working relationships with other workers, including supervisors. Many managers and supervisors are former apprentices; thus they know from experience what entry- and middle-level jobs involve.

German firms are also more productive than their British rivals, largely because German workers are better trained. Germany trains workers at about four times the British rate to serve in five major skilled occupations, including those of electricians, skilled construction workers, and skilled office workers; it does so without any sacrifice in quality. Overall, about 60 percent of German workers have intermediate-level skills—twice the British rate. The high skill levels improve production and quality in many ways, easing the implementation of new technologies, and enabling employees to organize production and undertake complex and varied tasks.

Workers who are less able academically gain most from the German approach. Only 10 percent of German students leave

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school without a certificate of competence in a variety of basic subjects. One reason for this is that German students realize that the apprenticeship system gives them access to many different occupations.

The U.S. evidence comes from small programs that resemble European apprenticeship programs. Such programs can provide only limited indicators of success; they cannot measure how apprenticeships affect the motivation of students in elementary school and junior high school, or how they alter the expectations of employers concerning the availability of skilled workers.

Nevertheless, the results of U.S. high school vocational education suggest that the apprenticeship approach is desirable. Although vocational education has little overall impact on earnings, students who find jobs in fields related to their studies do achieve significant gains, through reduced unemployment as well as increases in hourly wages. Increases are particularly large for black youth. In fact, black graduates of vocational education earn as much as whites, when we compare youths with the same vocational concentrations, transferability of training to jobs, and personal characteristics.

Vocational-education courses have also helped noncollege students learn basic skills like math. A number of high schools are developing programs of applied learning, which integrate academic and vocational subject matter and thus help students learn in context through hands-on techniques.

Formal apprenticeship programs within the U.S. have operated for many years but have trained only a small share of the labor force. The typical U.S. program differs substantially from the youth-apprenticeship approach that we propose. Under existing programs, unions restrict the number of apprenticeship positions and limit available ones to experienced workers in their mid- to late twenties. Economists have criticized union rules, arguing that they lower the number of future skilled workers. Critics also charge that union officials and others who manage apprenticeship programs have used these restrictions to benefit their friends and relations, to the exclusion of less advantaged groups, especially blacks.

Despite their problems, existing apprenticeship programs have demonstrated their effectiveness in training productive workers. A study of the construction industry (where current apprenticeship programs are especially widespread) found that union firms were

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more productive than non-union firms, partly because of the better training passed on in union apprenticeship programs.

The U.S. experience with apprenticeship programs for high school students that resemble those operating in Austria, Germany, and Switzerland is extremely limited. One demonstration project sponsored by the U.S. Department of Labor in the late 1970s funded local school districts, state education agencies, community colleges, and nonprofit corporations to operate in-school apprenticeship projects at eight sites. In general, the projects were highly successful. The sites trained over 3,000 youths; 95 percent of them expressed satisfaction with the project. Although the working collaborations between schools, apprenticeship agencies, and employers took a few years to develop, most employers approved of the program; 63 percent had already recommended that other employers join. The added government costs were extremely low, averaging only $1,384 per apprentice.

Potential opposition

Any effort to develop a major youth-apprenticeship initiative will certainly generate controversy. Among educators, the initiative is likely to resurrect the debate over the role of vocational versus academic education. Some educators will probably oppose vocational training for high school students on three grounds. First, they will argue that vocational education narrows students' educational experience, their ability to share in the nation's cultural heritage. In addition, they will contend that vocational education in the late high school years is counterproductive, because new technologies make specific occupational knowledge rapidly obsolete. Finally, opponents will contend that apprenticeships could restrict the occupational mobility of less advantaged youth, especially racial minorities, relegating them to less rewarding, nonprofessional careers.

Such educators will claim that high school students are too young to choose a career. They believe that full-time schooling is intrinsically valuable, that general education does more to help workers adapt to changing technologies.

These viewpoints have merit, but they ignore some key facts. Many students are weary of school by age sixteen or seventeen; by then they are reluctant to work hard in school unless they perceive a direct link between schoolwork and their future occupational success. For such youths, the time spent receiving work-site train-

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ing may actually stimulate a more active interest in general education. In fact, some of those who spent their adolescence productively as apprentices might even prove to be more eager to attend college than many students in purely academic programs.

The fear that apprenticeship programs will train students in skills that will soon become obsolete is generally unwarranted. As John Bishop has remarked, "Skills and knowledge deteriorate ... from non-use much more rapidly than they become obsolescent." New occupational skills usually build on old skills rather than replace them. Well-designed apprenticeship programs teach many skills that can be generalized and applied broadly. Employers know that they have to provide continuing training to their workers, but they also recognize that workers who bring skills to their jobs are easier to train and can better accomplish different tasks with modest amounts of incremental training.

Another worry is that the youth-apprenticeship approach will limit the job options of low-income—particularly minority—youths. In reality, the new initiative is more likely to widen their access to jobs. Minority students not bound for college would see realistic and potentially rewarding alternatives to dropping out of school or taking dead-end jobs. The difficulty facing such youths today is that most jobs are found through informal contacts; and the increasing isolation of inner-city minorities means that minority young people, often raised in single-parent households, have less and less access to a network of job holders. The loss of informal contacts increases the importance of formal mechanisms that can reach the vast bulk of minority youth. As the youth-apprenticeship system developed, access to good careers would become less dependent on the networking of young people's relatives and friends.

A second, indirect, favorable effect is also likely. If the least academically oriented students saw that their learning led to attractive careers as they began working constructively with adult mentors and their own peers at work sites, the entire school atmosphere might change; hard work at school might be respected rather than denigrated. While many educators will claim that starting an apprenticeship in eleventh grade is too early, many observers of inner-city minority youth argue, to the contrary, that such a beginning point may be too late.

Another broad concern about youth apprenticeships is that the labor market will fail to generate enough good jobs and careers for the graduates. In fact, the job market is paying an increasing

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premium for skill, indicating that the demand for skilled workers is rising faster than the supply. This is one reason why employers and labor organizations are likely to participate and offer apprenticeship-training slots. Yet even if existing skilled and semiskilled jobs were in short supply, the number of good jobs would certainly rise in response to an increase in available skilled workers. An increase in the number of skilled technicians, engineers, and landscape specialists would permit firms to upgrade their production methods; it might even encourage consumers to buy better goods and services.

Apprenticeship training might give many young people not only occupational skills, but also self-esteem and maturity. Stephen Hamilton points out that German eighteen-year-olds are not inherently more responsible than youth from the U.S., but that the Germans have "a clear, direct, and functional path into careers that is absent in the U.S." If such paths were widely available in the U.S., the focus on careers would hasten the onset of responsibility in many adolescents. American adolescents' current tendency to remain in school or to take a succession of low-level jobs too often delays their maturity.

A final worry is that the restrictiveness of several U.S. apprenticeship programs, especially in the construction trades, will extend to the new system. The low proportion of U.S. jobs covered under union contracts limits this possibility, however; for their part, employers will have no incentive to restrict entry. Thus, so long as employers or employer associations play the primary role in determining the number of workers, the danger of monopoly power is minimal. On the other hand, it is important that some group—whether employee organizations, schools, or state agencies—assure that students receive broad enough training to move among firms and to facilitate their future training.

Implementation

Instituting a youth-apprenticeship system in America is feasible, but doing so will require sustained, long-term efforts. If such a system is to succeed, employers must believe that it benefits them; they must not view their participation altruistically. Judging by the German experience, U.S. firms would come to understand that they benefited from training workers whom they could hire on a probationary basis. The investment patterns may vary, with large firms investing and recouping more value from the training, and

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small firms drawing more from the work effort of trainees. But in any case, employers themselves would have to finance the stipends and training.

Implementing an effective program in the U.S. would change the school system and the job market in important ways. Schools would have to take key steps to prepare students for their possible vocations, to develop course work to complement the work training, and to place the students in appropriate apprenticeships.

First, for eighth- through tenth-grade students, schools would have to develop a system of vocational counseling, incorporating student visits to work sites, and even job sampling by students. Employer representatives would visit schools and describe their programs and career ladders.

In addition, the school week and the curriculum would need to be altered to accommodate student interns/apprentices who were being trained and educated at work sites. Course work would be adjusted so that students could relate their reading, writing, and math skills to their occupational fields. In some cases, formal schooling would continue through a thirteenth year to complement the third year of apprenticeship.

Finally, placement assistance would have to be developed. Prospective employers would require reliable information about student applicants. Students, conversely, would stand in need of counseling to help them apply for and understand alternative youth-apprenticeship arrangements.

Students, of course, would spend their time differently than they do in American schools today. In seventh through ninth grade, they would be exposed to various occupations. In tenth grade, they would apply and be interviewed for apprenticeships in a wide variety of occupations; they could also opt for a purely academic track, of course. Those choosing apprenticeships would then sign agreements with employers at the end of the academic year.

Beginning in eleventh and twelfth grade, students would mix training at work sites together with general courses designed by and taught at the high schools; time spent at the work site would typically increase from 30 to 75 percent, depending on the occupation. Late in twelfth grade, apprentices would take their interim examinations.

Those students going on to thirteenth grade would spend 75 to 80 percent of their time at work sites, but would also draw on community colleges for some supplementary courses. In addition, some

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students, especially in technical fields, might choose to go beyond apprenticeship education by attending college and pursuing a degree program.

Perhaps the most difficult and extensive work required before an apprenticeship program can be established is to define the occupational areas covered and to specify the necessary levels of competence and the training standards. Employers, employer associations, and labor representatives would have to work with government education and labor agencies to achieve solid programs in each career field. The employers would have to provide the trainers, who themselves would have to undergo training and to demonstrate their competence. Perhaps two to three years would be needed to develop each occupational program. Certificates awarded through the programs would have to offer convincing evidence to potential employers that the recipients were worth hiring; they would also have to testify to competencies that would attract more than one firm in an industry.

Employers ought to bear the direct costs of training the apprentices; they should also have considerable flexibility in delivering the training. Government outlays would go for technical assistance in developing and operating the programs, monitoring the trainees' performance, and testing the competencies of graduates. Funds that now underwrite traditional vocational-education programs could defray these costs, while also paying for the schools' new functions of counseling and staging visits to work sites.

Government and labor representatives might have to agree to accept a training wage that is below the market wage, and at times perhaps even below the minimum wage. Alternatively, the interns or apprentices might receive a training allowance in lieu of a wage for at least part of their time at the work site.

Although few training schemes of intensity and depth are currently available to high school students, a number of schools are beginning to experiment with such programs. Theme schools have been organized around occupations in the health professions, the travel industry, and the entertainment industry. In addition, the Pittsburgh school system has attempted to forge relationships with employers that can provide internships for students specializing in a vocational field. While promising, these initiatives must expand to cover a wide range of occupations and training programs designed to teach and test the key competencies in each career field.

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What success can mean

Success in developing a youth-apprenticeship system would be significant enough to justify restructuring the school and job-training systems, because combining job-based education with other school reforms would help to remedy many pressing domestic problems.

First, providing serious training and entry-level jobs for large numbers of noncollege youth would increase the supply of skilled workers. Since employers would be offering and paying for most of the training, the skills would be marketable. The increase in relevant skills would raise productivity and aid in the implementation of new technologies. In fact, better training would do more to raise productivity than increased physical capital.

Second, as the productivity of youths without college education increased, their wages would rise, reducing the income gap between them and college-educated workers. We could expect employers to build on the capacities of apprentices by developing new job ladders and providing additional career training. These steps would, in turn, create more professionalized careers for former apprentices, thus raising their social status.

Third, the prospect that training begun in the eleventh grade could lead to promising careers would spur students to improve their academic skills. Raising the proportion of noncollege youth who study hard and seek productive careers could change the school atmosphere, so that good students would no longer face peer pressure against academic success.

Fourth, enhancing the prospects of noncollege youths would renew hope among many who today harm themselves with drugs and through ill-advised pregnancies. Over the last century, sexual activity has begun earlier, while entry into responsible jobs has generally occurred later. If apprenticeships drew large numbers of young people, especially disadvantaged minority youth, into serious training as early as eleventh grade, early parenting would become less attractive and marriage more attractive. The realistic prospect of rewarding careers would be one factor, but perhaps as important would be the interaction with responsible adults in the work place.

The ultimate hope is that a large, effective youth-apprenticeship program would help to bring today's urban underclass into the mainstream of economic and social life. Significant improvements could take place relatively quickly, since the program would pri-

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marily benefit noncollege youths, who account for most neighborhood crime and for a large part of the drug problem. It is nevertheless the case that only a strategy aimed at a broad spectrum of young people will prove workable; both adolescents and potential employers would view programs geared exclusively toward the poor as providing second-rate jobs and inferior workers.

This brings us to the final important advantage of the youth-apprenticeship strategy—its natural appeal to the public. Unlike other initiatives, this job-based education strategy is inclusive, not exclusive; it aims to enhance productivity, not simply to redistribute wealth; and it encourages students to learn and to earn, rather than rewarding idleness. The program can do most for young minority workers, yet it does not stigmatize them or give them advantages over white workers.

Years may elapse before youth apprenticeships are sufficiently widespread to yield major successes. But the public will support the program, because it knows full well that only long-term solutions can achieve major success in overcoming society's fundamental problems.

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Reconsidering national health insurance

LAURENCE S. SEIDMAN

IN 1971 Martin Feldstein published an article in this journal entitled "A New Approach to National Health Insurance." In it, Feldstein proposed that the government provide every household with major risk health insurance (MRI). Under MRI, every household would have an income-related ceiling on its annual medical financial burden; MRI would thus achieve universal income-related catastrophic protection. At the same time, prior to reaching its out-of-pocket ceiling, every household would pay at least a fraction of any medical bill, so each consumer of medical care would have an incentive to be cost-conscious.

Some observers might contend that, whatever the merits of MRI, events have passed it by, and two decades of developments in the U.S. health sector have rendered it irrelevant. In truth, however, these very developments have shown the wisdom of the MRI strategy, which is now more relevant and desirable than ever.

Today, many conservatives oppose any government initiative concerning health insurance, and many liberals advocate mandated private health insurance with specific provisions.

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Conservatives seek to limit government regulation of medical providers and liberals hope to assure universal access to medical care without financial hardship. I will attempt to explain why both are mistaken: their strategies will not achieve their objectives. Instead, an income-related MRI is the best way both to limit government regulation of medical providers and to achieve universal access without financial hardship.

Feldstein's 1971 article

Feldstein began his 1971 article by stating that we should judge any system of health insurance according to whether it prevents deprivation of care, prevents financial hardship, keeps costs down through consumer cost-consciousness, avoids a large tax increase, is easily administered, and is generally acceptable. He then applied these six criteria to the then-existing system, to subsidy-credit plans that would help low-income households buy private insurance, to uniform comprehensive health insurance, and to his MRI proposal.

According to Feldstein's six criteria, the 1971 system did not work well. The system provided too much insurance for average hospital bills, but too little insurance for very large medical bills. A sizable number of households were deprived of care due to an inability to pay, while others obtained care only at the cost of severe financial hardship. Yet because private insurance, Medicare, or Medicaid paid virtually all of the typical hospital bill, many consumers of hospital care had no incentive to care about costs. Doctors and hospitals therefore felt little pressure to keep costs down. Nevertheless, even households with nearly complete insurance for normal hospital stays were vulnerable to severe financial hardship from an unusually long stay.

Subsidy-credit plans fared little better under Feldstein's analysis. They would make some households able to afford needed care, but they would do nothing to remedy the basic shortcoming of the current system: excessive insurance for normal hospital episodes and inadequate protection against large medical bills.

Feldstein then turned to uniform comprehensive health insurance. In today's political environment, it may be difficult to recall that the AFL-CIO's Health Security bill, sponsored by Senator Kennedy, was regarded as a serious contender. Under Health Security, the federal government would have raised enough tax revenue to pay the entire medical bill of every household. This

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plan would have prevented deprivation of care and financial hardship, but it would obviously have required a large tax increase. Less obviously, its method of controlling costs by regulating providers of medical care was seriously flawed.

Feldstein conceded that regulation of providers might keep costs down, but he emphasized that completely insured consumers would have no reason to be cost-conscious. Everywhere else in the economy, each consumer weighs the cost of a good or service against its benefit as he judges it. In this way, consumer preferences help guide resource allocation and avoid waste in the economy. Feldstein explained that the failure to let consumer preferences guide resource allocation is a basic flaw in the regulatory approach to cost control:

> Detailed controls, fee schedules, and limits on hospital charges might, of course, prevent rising costs.... [But] such controls would not achieve, and might actually work against, an efficient use of health resources. They would certainly require a large number of arbitrary policy decisions.... Such arbitrary decisions pose a more serious problem than may be generally recognized: What is a "reasonable" level of hospital daily cost? At what rate should hospitals improve facilities, add staff, raise the level of amenities? How many beds should there be per thousand population? How much should different medical specialists earn? These are not technical questions that can be answered "objectively" if only enough research were done—they involve tastes and value judgments about the relative desirability of different goods and services.

Feldstein then presented his MRI proposal. The government would provide every household with an income-related ceiling on its annual medical financial burden. Prior to reaching that ceiling, each household would bear a fraction of any medical cost it incurred. Once the household reached its ceiling, the government would pay all of any additional medical bill incurred that year. Feldstein suggested that most households have a ceiling of 10 percent of income.

In the simplest version of MRI, each family would be fully responsible for its medical bill up to its ceiling. A family with an income of $6,000 in 1971, for example, would have paid the first $600 of medical expenses, and the government would have paid all additional medical bills. But the simplest version of MRI has an important disadvantage. The family's "ceiling medical bill"—the figure at which the family's annual medical bills reach their MRI ceiling—is too low; the family with an income of $6,000 would have an incentive to care about cost only for the first $600 of its

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annual medical bill. A solution to this problem, as Feldstein pointed out, is to increase the ceiling medical bill through co-insurance—the sharing of cost between the family and the government. The family with $6,000 of income, for example, might be responsible for half of its annual medical bill until the bill reached $1,200 and its burden reached $600. The government would then pay all of any additional bills so that the family's burden would again be limited to 10 percent of its income. But now the family would have an incentive to care about cost for the first $1,200 of its annual medical bill. So the ceiling medical bill would be 20 percent of income while the out-of-pocket ceiling would remain 10 percent of income.

MRI is designed to strike an optimal compromise between two conflicting objectives: giving each household an incentive to be cost-conscious, and reducing its financial risk from a medical problem. MRI concentrates on the incentive when the family's financial burden is tolerable, but switches to risk reduction when the family's burden threatens to become intolerable. According to Feldstein:

> Major risk insurance is the most important type of health care insurance for the government to provide. It concentrates government effort on those families for whom medical expenses would create financial hardship or prevent appropriate care.

Feldstein explained that MRI would fare extremely well according to his criteria. It would prevent deprivation of care and financial hardship. It would make most consumers of medical care cost-conscious so that consumers would regulate themselves, as they do everywhere else in the economy, and thereby eliminate the need for government regulation of medical providers. In contrast to Health Security, "the cost to taxpayers for an MRI program would not be large relative to the benefits conferred," because many households would pay an important fraction of their own medical bills.

It is important to emphasize that Feldstein's MRI would cover the same services as comprehensive insurance. The difference concerns consumer cost-sharing. Feldstein emphasized the importance of removing the bias in favor of hospital inpatient care by applying the same patient cost-sharing to outpatient and inpatient care.

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Why government must provide MRI

Feldstein took for granted that MRI should be provided by the government, not by private companies. Developments over the last two decades, however, require a reexamination of this key feature of MRI, because first conservatives, then liberals, have adopted the position that most health insurance should be provided by private insurers.

In 1971 the AFL-CIO, Senator Kennedy, and most liberals supported government health insurance. The Nixon administration, however, proposed instead that government require employers to buy their employees private health insurance that met certain standards; the government specified, for instance, a dollar ceiling on households' out-of-pocket burdens. It is important to note that the ceiling did not vary with household income. By proposing MRI, Feldstein implicitly rejected the idea of mandated private insurance, though he unfortunately did not address it explicitly in his article.

As the 1970s continued, liberals became discouraged about the possibility of enacting a large tax increase to pay the medical bills of most households. The Carter administration proposed essentially the Nixon administration's approach of mandated private insurance, while the AFL-CIO and Senator Kennedy endorsed a mandated approach with no patient cost-sharing. By the end of the 1970s, liberals were the primary advocates of mandated private insurance, and most conservatives were opposing any federal initiative concerning health insurance. Today, few liberals or conservatives openly support government provision of any kind of health insurance for the majority of households.

It is important, then, to understand why an acceptable MRI must be provided by government. As Feldstein recognized, a key feature of MRI is that it relates each household's maximum out-of-pocket burden to the household's income. A uniform dollar ceiling for all households cannot achieve a central goal of MRI: prevention of both deprivation of care and financial hardship. For example, $3,000 may be a tolerable burden for a household whose income is $60,000, but intolerable for a household whose income is $20,000.

I would go further than Feldstein in arguing that the consumer cost-sharing rate, as well as the ceiling, must be related to income. I would suggest a schedule like the following:

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Household income	Ceiling (percent of income)	Cost-sharing rate
$20,000	$1,200 (6 percent)	10 percent
$60,000	$4,800 (8 percent)	30 percent
$100,000	$10,000 (10 percent)	50 percent

A $20,000 household would pay 10 percent of any medical bill until its annual medical bill reached $12,000. But a $100,000 household would pay 50 percent of any medical bill until its annual medical bill reached $20,000.

Scaling the cost-sharing rate to household income helps to achieve two of Feldstein's criteria simultaneously: preventing deprivation of care and avoiding a large tax increase. A uniform low cost-sharing rate would enable low-income households to afford necessary care but would entail a large tax increase. A uniform high cost-sharing rate would limit the tax increase but deprive low-income households of needed care. Only by varying the cost-sharing rate with income can both objectives be met.

Another advantage of relating the consumer cost-sharing rate to household income is that doing so reduces the fraction of households that will reach the free-care range. In our example, the $20,000 household has an incentive to care about cost until its annual medical bill reaches $12,000. But if its cost-sharing rate were 50 percent instead of 10 percent, it would reach the free-care range when its annual bill reached only $2,400.

Even with income-related cost sharing, it is true that some households will reach the free-care range. But many of these "catastrophic" patients and their doctors may still weigh cost. At the time that medical decisions are made, neither the patient nor his doctor is likely to know whether the free-care range has yet been attained. Few patients and doctors will keep a running total of the patient's annual medical bills. In practice, risk-averse patients and doctors will probably find it prudent to assume that cost sharing still applies. Doctors who become accustomed to cost-sharing patients are unlikely to alter their medical decisions for the small fraction of patients who may have reached the free-care range.

Thus income-relating is crucial to both the fairness and the effectiveness of consumer cost-sharing. Yet private insurers cannot administer income-related cost sharing, because they are unable to obtain the necessary household income data. It is true that an employer might provide data on the compensation of each employee, but the employer does not have data on the full income

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of the employee's household. What private insurer, competing for business, would ask customers to turn over tax returns? It should not be surprising that patient cost-sharing under private insurance is virtually never related to income.

The government, of course, has the tax-return data. Under MRI, the government would contract with private insurers to process bills, as is the case under Medicare. Using the preceding year's tax returns, the government would supply the bill processors with each household's cost-sharing rate and ceiling for that year. As agents for the government, the processors would pay medical bills and then bill households for their required share.

Protecting consumer cost-sharing under MRI

A central aim of MRI is to restore consumer cost-consciousness. It is important to understand that the aim is not to keep costs down per se. There is no more reason to focus on cost reduction in the health sector than on cost reduction in any other sector. The aim is to induce the optimal level of cost growth.

First, in every sector, each producer should feel pressure to operate efficiently—to produce a given quantity and quality at minimum cost. Second, we want producers to raise cost and improve quality if and only if consumers value the improvement in quality more than its cost. And third, we want consumers to refrain from consuming a good or service when they do not judge its benefit to be worth its cost. In most other sectors, consumer cost-bearing achieves all three of these objectives without government regulation. The resulting rate of sector cost growth, whether fast or slow, is socially optimal. Complete consumer cost-bearing would be unacceptable in medical care, but income-related consumer cost-sharing strikes a nice compromise between providing protection and preserving consumer cost-consciousness.

But what's to prevent households from buying private insurance to cover their share of the MRI's cost sharing, thereby eliminating their incentive to care about costs? This, after all, is what the majority of elderly people have done under Medicare. In contrast to MRI, however, Medicare has never provided an income-related ceiling, so many retirees have sought private insurance to protect themselves. Feldstein believed that given the MRI income-related ceiling, most households would find additional private insurance not worth its cost—especially if the current tax subsidy to private

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insurance were eliminated, so that all employee compensation—whether in the form of health insurance or cash wage—was taxed.

But consumer cost-sharing under MRI can be fully protected with one further simple provision: permit households to use *either* MRI or private insurance to help pay each medical bill, *but not both*. With this provision, it is doubtful that many households would decide to pay high premiums for private insurance with no cost sharing when they were automatically covered by MRI.

Coverage and financing

A universal income-related MRI would cover the entire population, including the poor and the elderly. It would therefore replace Medicaid and Medicare. Every household would be required to file an annual tax return to establish its cost-sharing rate and ceiling for the coming year. Many citizens might instinctively prefer to preserve Medicare and to limit MRI's coverage to the non-elderly. The developments in Medicare over the past two decades, however, show that it is crucial to replace Medicare with income-related MRI.

Medicare has been the perfect example of poorly designed insurance: it provides excessive coverage for normal hospital stays and too little coverage for large medical bills. For hospital care, Medicare entails a deductible (usually surpassed in the first day) and complete insurance through day sixty, but significant cost sharing beyond that; physician care entails 20-percent cost sharing without limit. With no out-of-pocket ceiling on hospital or physician care, many elderly sensibly obtained "medigap" coverage—private insurance to eliminate most of the Medicare cost sharing. With most cost sharing eliminated, cost growth was rapid, and regulation was imposed in the 1980s to curtail it. Much of the demand for medical care comes from elderly people, and demographic projections indicate that this share will grow in the next few decades. If the elderly are exempt from income-related consumer cost-sharing, then medical providers will probably need to be regulated even if MRI is enacted for the rest of the population.

The disadvantage of treating the elderly separately was well illustrated by the recent revolt against the Medicare Catastrophic Coverage Act of 1988. The revolt had nothing to do with the Act's out-of-pocket ceiling, which remains popular. But most of the burden of financing the ceiling was placed on the affluent elderly, rather than being distributed over the entire population. The afflu-

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ent elderly objected. Their revolt illustrated vividly what many recent studies have made clear: the elderly are a diverse group with respect to both income and health. This diversity strengthens the case for replacing Medicare with MRI.

Would consumer cost-sharing work?

Many remain skeptical about the impact of consumer cost-sharing, despite an impressive set of econometric studies and controlled experiments that support the potency of cost sharing for medical care. This skepticism is often based on a misunderstanding about how cost sharing is supposed to work. The skeptic often believes that cost-sharing advocates expect patients to shop around for hospitals, carefully comparing prices before selecting one. As the heart-attack victim, barely conscious, is carried out on a stretcher, he whispers: "What are they charging?"

If the cost-sharing strategy depended on such behavior, this skepticism would be understandable. Cost sharing can succeed only if doctors, when making decisions, tend to take into account the financial impact of the decisions on their patients. After the introduction of MRI, doctors would soon recognize that most of their patients had a new attitude toward costs. Doctors now know that their patients would want them to disregard hospital costs. Under MRI the average patient would still prefer more costly care if the additional quality were worth the out-of-pocket expense, but he would want his physician to economize whenever possible.

At the time of the decision to enter a hospital, the average patient would probably simply acquiesce in his physician's decisions. Two months later, however, when the recuperating patient received his bill and estimated the fraction that he must pay, he might review his doctor's choices. Was the tenth day really necessary? Was hospital A, the most costly in the area, really best for his problem? Why did he need test Z? Because the patient must pay a fraction of the bill, doctors would begin to receive feedback from patients.

Doctors who take the trust relationship seriously would try to reduce wasteful expenditure. Other doctors, out of self-interest, would seek to minimize complaints by saving their patients money whenever possible without loss of quality, and by letting their patients know that they were doing so.

The average doctor would develop a new attitude toward hospital services. Since physicians could choose among hospitals competing

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for their patients, hospitals would be pressured to economize and to raise costs if and only if quality improvements justified doing so. As in most other sectors of the economy, a minority of astute consumers, who carefully weigh price against quality, can make the difference between profit and loss. The same competitive pressure that promotes the optimal mix of quality and cost in other industries would now bear on the hospital sector.

When regulation rather than cost sharing limits costs, no mechanism induces the consumer to reveal the urgency of his preference. The physician, as an advocate for his patient, will tend to describe any service as essential, even if it is merely beneficial. If regulation is strong enough to limit cost growth, some patients will be deprived of service that they urgently prefer. If hospital capacity is constrained by budget-limit regulation, for example, some people may be forced to wait for admission, although they highly value a quick treatment of their problem. A regulator—rather than the patient and his doctor—will decide whether the case is urgent and therefore deserves first priority for admission.

Consider the goal of achieving the right length of hospital stays for patients. With complete insurance and no regulation, the average stay would no doubt be excessive, because doctors and patients would regard each additional day as free. Under cost sharing, if patient and physician still regarded the extra day as necessary, the physician would prescribe it. Otherwise, the physician would discharge the patient. Under MRI, the out-of-pocket cost induces the consumer to reveal the urgency of his preference, while enabling families to afford needed medical services.

The crucial advantage of cost sharing over regulation, therefore, is not that it slows cost growth but rather that it is more sensitive to the preferences of individual patients. Under cost sharing, each patient and his physician retain the freedom to decide what they regard as necessary and urgent. Hospitals will be free to respond fully to the demands of patients and doctors, so that each can obtain whatever service he desires as quickly as he desires it.

Finally, cost sharing gives each patient firmer control over his own medical care. Free medical care is not really free, for it requires every individual consumer to give up some control and power. If patients do not pay for the services that they use, then their demands for more services are not credible; "the system" must therefore make decisions for the patient. But if the patient pays some of the cost of everything that he orders, then his

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demands become credible and the system can respond to them without worrying that they are frivolous and wasteful.

There are at least four reasons why the private-insurance sector has failed to introduce significant consumer cost-sharing for hospital care. First, the tax subsidy encourages employee compensation to be channeled into high-premium, low-cost-sharing insurance policies. Second, employers often subsidize employees when they choose a high-premium option. Third, employees are probably reluctant to risk policies with cost sharing for fear that the promised out-of-pocket ceilings contain hidden loopholes. Fourth, many employees, unions, and even employers probably believe that cost sharing, unscaled to household income, is unfair and should not be selected.

The absence of consumer cost-sharing generated rapid growth in health-care costs and created intense pressure on the federal government to do something to contain Medicare expenditures. In 1982 the Reagan administration, though generally hostile to government regulation of private producers, accepted hospital-rate regulation. Under the diagnosis related group (DRG) system, all hospital Medicare cases are classified into 468 categories, and each case is reimbursed at a rate fixed in advance, regardless of the actual cost. With physician costs for Medicare growing rapidly, in 1985 Congress established the Physician Payment Review Commission (PPRC) to consider options for a Medicare physician-fee schedule. The Bush administration will almost surely accept a Medicare fee schedule in the near future.

But regulation will not end there. Rate regulation has in fact reduced hospital-cost growth and average length of stay, and fee regulation will no doubt reduce physician-cost growth. Using the incorrect criterion of cost-growth reduction, advocates of regulation will claim success. Naturally, they will argue that these successful techniques should be applied to the non-elderly population and to health services not currently regulated. Excessive cost growth and abuses in unregulated services will give their arguments force. It is almost certain that regulation will spread gradually to most of the health sector as long as there is little consumer cost-sharing for medical care.

The only way to reverse this regulatory advance is to restore consumer cost-sharing; the only way to make cost sharing acceptable to the public is to relate it to incomes; and the only way to have income-related cost sharing is through government MRI.

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The unreported revolution in population economics

JULIAN L. SIMON

IN THE 1980S a revolution occurred in scientific views about the effect of population growth on economic development: economists stopped asserting that population increases must exhaust natural resources and preclude economic growth. Revolution is usually the most newsworthy of events, but this revolution has been ignored by the popular press, which continues to hawk the prerevolutionary conventional wisdom. The lack of news of this revolution is itself newsworthy.

Any sample of television news or newspapers shows notables from Andrei Sakharov to Dan Rather repeating that more people on earth mean poorer lives now and worse prospects for the future. In a typical sample from the months prior to this writing, World Bank president Barber Conable called for population control, because "poverty and rapid population growth reinforce each other"; Prince Philip asserted that "[i]t must be obvious by now that further population growth in any country is undesirable"; the Trilateral Commission and the American Assembly called for reduction in population growth; and *Newsweek*'s year-ending 1989 cover story concluded that "[f]oremost of the new realities is the

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world's population problem." Similar quotes could be multiplied indefinitely.

Paul Ehrlich had an entire series, "Assignment Earth," on the "Today" show in January 1990, in which he blamed overpopulation for "destroying the entire ecological system" and for causing every other ill of humanity, without even a token counter-comment. He was also on the show for five full minutes on each of three days in May 1989, decrying the "problem" of "overpopulation," with nary a whiff of the "balance" that journalists pride themselves on. But this is an old story. More than once, Ehrlich has been on Johnny Carson's show for an unprecedented full hour—all the while complaining that the danger of population growth is being ignored by the media.

The editorial and opinion writers chime in. Ellen Goodman lamented "People Pollution"; a Herblock cartoon criticized the U. S. for neglecting the "world population explosion"; a typical *Washington Post* editorial argued that "in the developing world ... fertility rates impede advances in economic growth, health, and educational opportunities."

These views affect public policy. In 1973, Supreme Court Justice Potter Stewart's vote in *Roe* v. *Wade* was influenced, according to Bob Woodward and Scott Armstrong, by the idea that "abortion was becoming one reasonable solution to population control." In 1989, when hearing the *Webster* case, Justice Sandra Day O'Connor raised this hypothetical question: "Do you think that the state has the right..., if in a future century we had a serious overpopulation problem, ... to require women to have abortions after so many children?" And the Court's decision in the case included this bald assertion: "If the secular analysis were based on a strict balancing of fiscal costs and benefits, the economic costs of unlimited childbearing would outweigh those of abortion."

The erroneous belief that population growth does economic and ecological harm has cost us dearly, by directing attention away from the factor that we now know is central in determining a country's economic development—its economic and political system. The flight from totalitarianism and central economic planning in poor countries would probably have been faster and more widespread if slow growth had not been thought to be caused by population growth. And in rich countries, misdirected attention to population growth and the supposed consequences of natural-resource shortages has resulted in wasteful programs to develop

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synthetic fuels, and to produce airplanes that would be cost-effective only if energy were far more expensive than it is now.

Our anti-natalist foreign policy also is dangerous politically, because it can appear to be racist; thus when Indira Gandhi was overthrown, in large part because of opposition to her U.S.-backed sterilization program, American relations with India suffered. Furthermore, the misplaced belief that population growth slows economic development has been used in countries like China, Indonesia, and Vietnam to support inhumane coercive programs that deprive people of the cherished liberty to decide how many children they wish to bear and raise.

Given the nearly uniform blanket of assertion and belief, who would believe that scientists have reversed their views, rejecting the earlier consensus that population growth is a key force holding back economic development? Yet this has indeed happened.

The rise of "revisionism"

The economics profession has turned almost completely away from the previous view that population growth significantly harms economic development. A so-called "revisionist" viewpoint has emerged, which denies that increased population must result in slower growth, reduced saving and investment, depleted natural resources, food shortages, insufficient education—the works. In each case, examination of the evidence leads to complete or near-complete exoneration of population growth and size. Some revisionist research even rebuts the charge that population growth promotes violence and war.

Disagreements continue concerning the overall impact of population increases: whether population growth is in some cases even a minor negative factor, or whether it is beneficial everywhere in the long run, remains controversial. But there is no longer *any* support among population economists for the earlier view that provided the basis for the population policies of the U.S. and other countries.

The turning point came in 1986 with the publication of a report by the National Research Council and the National Academy of Sciences (NRC-NAS), entitled *Population Growth and Economic Development*, which almost completely reversed the institutions' 1971 report on the same subject. According to the earlier report's "Overview," "reduction in present rates of population growth is highly desirable from many points of view, because high fertility

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and rapid population growth have seriously adverse social and economic effects.... Rapid population growth slows down the growth of per capita incomes in less developed countries." The 1971 report then proceeded to list the harms supposedly wrought by population growth upon savings, investment, food supplies, employment, modernization, technological change, industrialization, education, health, child development, and the environment.

It is worth noting, however, that—in a pattern familiar in such reports—many of the background chapters exhibited far less alarm, and stated many more qualifications, than did the summary. For example, the 1971 report observed that "mankind has not 'run out' of any critical resources." It also acknowledged that "[u]nprecedented and still accelerating population growth has not prevented very rapid economic advance." Furthermore, the authors of the 1971 report made it clear that they were limiting themselves "to relatively short-term and clear-cut issues"; they examined the population issue only "as it affects us now—and for the next 5 to 30 years." Such a time frame, the authors themselves noted, is too short to permit any of the beneficial effects produced by recently born babies to come into play.

Only now do I notice this moderation and balance in the 1971 volume. Typically, in my reading then I focused on the alarming notes sounded in the summary, which referred only to speculations about the future; I failed to note the evidence cited from the past that contradicted these speculations. The biased summary is an example of how science has been perverted in the service of the zealous belief that population growth endangers humanity and must be suppressed at all costs.

The 1986 report, in contrast, rejected its forerunner's alarmism. On the specific issue of shortages of raw materials it concluded as follows: "The scarcity of exhaustible resources is at most a minor constraint on economic growth.... [T]he concern about the impact of rapid population growth on resource exhaustion has often been exaggerated." And its cautious general conclusion is that "[o]n balance, ... slower population growth would be beneficial to economic development for most developing countries...." The 1986 report found that population growth has both positive and negative consequences; the report's conclusion does not apply to all countries, and its authors could not determine the size of the negative effect, even where they believe it to exist. This is a major

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break from the past monolithic conclusion that additional people always retard development.

The background paper on macroeconomic-demographic models for the NRC-NAS report, written by Dennis Ahlburg, observed that

> it is widely believed that population growth has an adverse effect on economic growth in developing nations.... However, a group of scholars have recently argued that the effects of population growth are neutral or may even be positive.
>
> The early models found a very large negative impact of population growth on economic development. Subsequent models have found that while the short-run impact is negative it may not be as large as previously thought (Barlow-Davies, Bachue-Kenya, Simon, Kelley-Williamson) and may even be positive in the very long run (Simon, Mohan).
>
> On the basis of this review of economic-demographic models, we concur with Preston that "population growth is not so overwhelmingly negative a factor for economic advance as to swamp the impact of all other influences...."

An even earlier "establishment" turnaround came in the 1984 report of the World Bank. That institution has for many years been the strongest and shrillest voice calling for reduction in the rate of population growth, on the ground that the world is running out of natural resources; but in its 1984 *World Development Report*, the World Bank did an about-face and said that the supply of natural resources will not be endangered by population growth.

Even critics of the revisionist thinking now acknowledge its growing appeal, as well as the excesses committed by adherents to the anti-growth orthodoxy. Thus John Kantner (not an economist) charged in his 1982 presidential address to the Population Association of America (PAA) that "the revisionist case is a weak one." But he also admitted that the rise of the revisionist view has brought about "a sea change" in thinking; furthermore, he conceded that "truth often fell before expediency" in the "war against population growth." And he asserted that though many demographers understood the "full complexity" of the "problem of rapid population growth[,] ... few of us made more than mild protest as the profession was borne to prominence on a Malthusian tide of alarm."

Paul Demeny's 1986 PAA presidential address noted that

> a substantial shift has occurred in the balance of views [since the early 1980s]. The various lines of attack on the orthodoxy converge in a

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> newly optimistic assessment of the population problem.... In the extreme formulations, the problem is disposed of entirely. The more typical revisionist views, however, merely put the problem in its presumed deserved place: several drawers below its former niche.

In a later article Demeny quoted with approval Colin Clark's assessment of the current situation as "Malthusianism in retreat." (I quote Clark indirectly because the views of that great scientist are discredited for too many by his being a convert to Catholicism.)

The change in economic-demographic thought is also evident in an outpouring of scholarly reviews. Though the reviews vary in whether they consider the shift to be important but not revolutionary, or completely revolutionary, they all agree that what has come to be called the revisionist viewpoint cannot be ignored. To all, the view that population growth is either neutral or favorable to development in the long run is at least a controversial pole in a legitimate debate. And there is consensus that if population growth has a negative effect in any given country, it is not a factor of overwhelming importance.

"Consequences of Rapid Population Growth in Developing Countries," a summary of views expressed at a 1988 United Nations Expert Group Meeting, observes that a

> more balanced view [of population growth,] emphasizing the complexity of demographic-economic interrelations[,] has re-emerged. The negative effects of population growth are now portrayed as less important than had been asserted during the previous decade, and some scholars have even indicated that potentially favourable effects may be non-negligible.

And Geoffrey McNicoll of the Population Council made the following observation in a 1984 article published in that organization's *Population and Development Review*:

> In the last decade a revisionist stream of thought has emerged that seems to cast doubt on the previous orthodoxy; rapid population growth, according to scholars of this persuasion, is often a neutral and can even be a positive factor in development. Hence the odd current situation of fundamental disagreement about the net impact of one of the most profound changes in social circumstances in the modern world—a disagreement found, moreover, not in variant political or philosophical premises but in economic modeling and in readings of the empirical record.

Similar views are expressed in a recent article by T. N. Srinivasan, and in another by David E. Horlacher and F. Landis MacKellar. And Samuel Preston, the principal author of the 1986

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NRC-NAS report, recently summarized the situation as follows: "Discussions of the role of population growth in economic progress have become markedly less alarmist in the past decade."

Allen Kelley recently reviewed the reviews, as well as the literature as a whole, for the American Economic Association's *Journal of Economic Literature*. He found that the recent work converges at a position much like that of the 1986 NRC-NAS report; his own assessment is that "in a number of countries the impact of population [on economic growth] was probably negligible, and in some it may have been positive." Here as elsewhere he endorses the view that there has been a "revision" in thinking about the consequences of population. (In fact, he may be the person who first applied that term.) Kelley himself has broadly shared this general view since at least 1970, one of the very few demographers who have done so.

Politics and intellectual history

The fallback position of some population-control enthusiasts is that the revisionist shift is due to the change in larger political forces rather than to new discoveries of facts and theory—that it is "just politics." For example, Barbara Crane writes that "[t]here is no doubt that the relatively sudden reversals we have seen in recent years reflect the influence of the New Right with the Reagan White House as well as in Congress." But if this is so, couldn't one say that the adoption of previous positions opposing population growth was *also* just politics—especially given the huge political organizations maintained by the anti-growth and environmentalist organizations in Washington and elsewhere? Crane and others of like mind seem to believe that the adoption of their position by government agencies could have been motivated only by respect for the scientific truth, but that the agencies' subsequent rejection of their position must instead have resulted from their opponents' political machinations.

Dennis Hodgson adopts a more consistent position, explaining both the rise and the fall of population-control orthodoxy as responses to political developments:

> Orthodoxy's emergence is attributed to two sets of factors: first, the inability of demographic transition theory to explain several postwar demographic trends; second, the manner in which the Cold War, decolonization, and the influx of funds for fertility control changed American demographers' approach to the study of population trends.

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> The recent rise of revisionism is attributed both to orthodoxy's difficulty in digesting the favorable economic and demographic trends of the 1970s and to the changes in the political and funding environments within which American demographers work.

Please note that Hodgson treats the rise of "revisionism" here as a *fait accompli*; his doing so confirms my claim that this important shift in thinking has occurred.

This is not the place to review the intellectual history of the revolution or to assign credit for it—especially because it is difficult for me to understand my own role clearly and to assess it without bias. Suffice it to say that in 1682 William Petty stated the key premise: human minds are the key element in human progress, and more minds on balance lead to more progress. Friedrich Engels grasped this idea in the context of modern science. Colin Clark was the first economist in the twentieth century to work these ideas out systematically, both theoretically and empirically. Simon Kuznets provided the first statistical evidence that nations' population growth does not harm their economic growth. Ester Boserup surveyed anthropological and historical evidence to show that increased population density has led to the implementation of agricultural techniques that facilitate the more intensive cultivation of land—a process that points toward modern economic development. Harold Barnett provided theory and data proving that natural resources become more plentiful rather than more scarce as demand increases, due to the growth in income and population. My 1980 article in *Science* and my 1981 book—*The Ultimate Resource*—brought these ideas as well as my own and others' earlier research on this subject to the public at large, and by good luck they received sufficient attention that the scientific public was forced to take notice, which catalyzed the revision in thinking. (This technique of reaching scientists by way of inquiries to them by non-scientists, which was employed by John Kenneth Galbraith in his 1952 book *American Capitalism*, was probably crucial. Before 1981 my 1977 book *The Economics of Population Growth*, which provided the technical research underlying the later book, had received no attention at all.)

Ignoring the revolution

Unfortunately, the scientific U-turn does not seem to matter to most makers of policy and public opinion. Thus Barber Conable was still saying at the 1988 annual meeting of the World Bank that

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"curbing excessive population growth" is one of the key elements of the Bank's strategy to combat world poverty. He said that it is "imperative that developing countries renew and expand efforts to limit population growth."

The commitment of the official organizations to the old beliefs and policies is evidenced in a comment made by Steven Sinding, when he headed the Agency for International Development's population program, about the 1986 National Academy of Sciences report; according to an article in *Science*, Sinding "felt enormous 'relief' at the NAS committee's conclusions"—that is, he was pleased that the report was sufficiently ambiguous that AID could interpret it as a warrant to keep doing business as usual.

So what's to be done? I'm afraid that the answer is: Nothing. Efforts to change the beliefs of the public and the assertions of journalists are likely to be a waste of time. A few columnists reject the claims of the anti-growth orthodoxy. Editorials supporting population growth appear in *Forbes* and the *Wall Street Journal*, and in a few other newspapers across the country, mostly in small cities. The *Economist* carries some perceptive discussion, but even it still retains a sense of limits: "[I]t is surely inconceivable that the earth can support 14 billion people—the eventual total now predicted by the United Nations—at anything like the standard of living enjoyed today in middle-income countries such as Mexico and Malaysia, let alone that of the rich West." Some Catholic leaders speak out. A think tank such as the Cato Institute may hold a meeting. But the overall state of thought will remain as it is, because this revolution in thought will not penetrate the fortress of belief.

Typically, in the service of maintaining its treasured belief and urging U.S. funding for population-limitation programs, the *Washington Post* noted in a June 3 editorial that "[t]he Chinese vehemently deny" forced abortions. This is despite the fact that a few months earlier the *Post* reported a physician's account of forced abortions in Tibet; a couple of years earlier a front-page *Post* story covered coercive population control in China; and the *Wall Street Journal* has carried quotations from official Chinese statements showing unmistakably that what the Chinese deny to the *Washington Post* they affirm as policy at home. Yet the editorial staff of the *Post* proceeds as if nothing more were known about the topic than what people thought was true two decades ago.

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The public often assumes that the very absence of contrary information means that the prevailing wisdom must be sound. Would that it were always so. But every schoolchild in the Soviet Union has been taught a pack of lies about Soviet history, and in the West monolithic public belief also has often been all wrong on the facts. Near unanimity is no guide to truth.

Malcolm Muggeridge was the only foreign reporter to visit the Ukraine unaccompanied by Soviet officials in 1933, when Stalin's forced collectivization of agriculture killed perhaps 16 million human beings there. Muggeridge described the horrors of the famine, and wrote that Stalin was "a bloodthirsty tyrant of unusual ferocity even by Russian standards." But because the prevailing newspaper coverage—typified by the reports of Walter Duranty in the *New York Times*—told of "apple-cheeked dairy maids and plump, contented cows," Muggeridge was simply accused of being a liar. As a result, he concludes that "[p]eople, after all, believe lies, not because they are plausibly presented, but because they want to believe them. So their credulity is unshakable."

Similarly, almost no one in American journalism seems to care about the tens of millions of children that cannot be born to Chinese couples because of the Chinese government's one-child policy. Nor do discussions of human rights mention the scores of millions of Chinese women whose bodies are violated by the forced insertion of IUDs, followed by subsequent X-ray surveillance to ensure that the IUDs have not been removed; the Chinese government also forbids childbearing by those it deems to be "psychotic." Even the Reagan administration said nothing to condemn China's barbaric population policy.

Twenty years after the first great spasm of environmental concern, the arena is still in the hands of the yahoos, the same people with the same ideas that events and scientific research have now discredited. The educated public and the journalists seem even more credulous than ever; and whereas the environmentalist movement was powered by amateur zealots two decades ago, today there are large numbers of college teachers who have grown up in the movement and now espouse its tenets as professionals. According to the *Economist*, an incredible 80 percent of the U.S. public now agrees that "protecting the environment is so important that requirements and standards cannot be too high, and continuing environmental improvements must be made regardless of cost"; this figure is up from about 40 percent in 1981. The

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Economist also reports that the proportion of people in Britain who say that "the environment is one of the most important issues facing Britain" jumped from about 5 percent to about 35 percent between December 1988 and July 1989—extraordinary testimony to the power of modern communications. The weight of these numbers is overwhelming.

True, there has been a shift in the declared policy of the U.S. From the early 1960s until 1984, U.S. policy urged and even coerced developing countries to reduce their population growth rates. (Phyllis Piotrow's *World Population Crisis* includes an excellent history of this policy.) At the World Population Conference in Bucharest in 1974, the U.S. voice was the loudest in calling for population control. But at the next World Population Conference, in Mexico City in 1984, the official U.S. position was exactly the opposite; it held that population growth is "neutral" with respect to economic development. This adjustment of policy to scientific fact is certainly gratifying. Unfortunately, all "sides" interpret the policy statement to pertain solely to the abortion issue, even though the statement contained just a few sentences about abortion. Partisan attention from both proponents and opponents of legalized abortion has caused the rest of the message to be forgotten, except by a few foreign demographers. And the message's impact on larger issues got lost in the welter of the argument about abortion.

Planned Parenthood responded to the 1984 Mexico City policy with a continuing public-relations campaign of great breadth and expense. It ran a long series of full-page advertisements attacking the U.S. position in such newspapers as the *Washington Post* and the *New York Times*. Rather than considering the scientific argument on its merits, the ads simply refer to a putative conspiracy of "right-wing extremists" who are said to have been "in the White House," and who supposedly lack compassion for the poor women of the world.

The revisionist argument has in part been ignored by the media because there is not a single organization advocating population growth to whom journalists can turn, in contrast to the enormous roster of organizations that oppose it. The everlasting abortion wars absorb the energy that might otherwise be attracted to the more general issue of the value of human life. The abstraction of human life cannot compete in drama with hacked-up fetuses and back-alley operations.

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This situation inevitably worsens because the few people who might try to publicize the truth are scared off to start with, or give up in despair. At some point even not-so-prudent people see the handwriting on the wall, and stop devoting chunks of their lives to a losing cause.

People who hear or read the central message expressed by "revisionists" often say that we are "just" optimists. We are indeed optimistic about the long-run future of humanity, though I reply with a line swiped from Herman Kahn: I'm not an optimist, I'm a realist. I am, however, extremely pessimistic about the short-run likelihood that people in the West will get the chance accurately to assess the issues discussed here, and hence avoid the great losses of life and wealth that faulty assessments of the impact of population growth will ensure.

In the long run, the inevitable forces of progress will roll over these intellectual obstacles. Population will grow, knowledge will increase, economies will develop, liberty will flourish. But in the meantime there will be innumerable avoidable tragedies because the good news goes unreported. How sad that is.

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Of Pushcart Vendors and Management Consultants

MATTHEW MILLER

***Michael Porter*: The Competitive Advantage of Nations.** *The Free Press. 880 pp. $35.00.*

JUST when you thought that no one could make any more money by codifying the obvious, Michael Porter is back. Probably the nation's leading name-brand business-school professor and management consultant, Porter teaches at Harvard and advises companies on the side through his consulting firm Monitor, which today's freshly minted MBAs consider a "hot shop" to work at. His several books over the last decade include *Competitive Strategy* and *Competitive Advantage*, and they have established him firmly in the pantheon of management-strategy gurus. Indeed, many of the MBAs who roam your neighborhood today were weaned on the "Porter model" of how industries should be analyzed and how companies can best compete.

Fortunately for the untutored, the model does not involve any rocket science. In fact, the best way to put into perspective Porter's newest intellectual "framework" is to take a minute to understand his most famous model—"the Five Forces." This model—which reveals the fondness that Porter shares with most management consultants for cutesy mnemonics—says that we can assess an industry's attractiveness by looking at (1 & 2) the power of its customers and suppliers, (3) the threat of substitutes, (4) the barriers to entry, and (5) the nature of industry rivalry.

To illustrate the analysis, Seventh Avenue dressmaking is likely to be a tough, low-profit business. Dressmakers are at the mercy of the big chains that they supply and the huge fabric houses that they buy from; anyone with a few bucks can get into the business and go after their customers; and dresses may not be the hot item this year, anyway.

This analysis is perfectly sensible and simple. It is so simple, in fact, that one wonders why the Five Forces made Porter rich and famous. After all, decades before Porter came along with his fancy

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formulation, any pushcart vendor on the streets of New York would have explained his business the same way. ("Forces, schmorces! The pretzel guys are squeezing me; there's a new restaurant going up on this block; nobody really needs to eat this stuff; and that guy on the far corner is undercutting me by a nickel.") People who wanted more precision than the vendors offered could turn to economists, who for years had been giving formal accounts of all the factors that Porter cited. Although Porter's handy packaging of long-established concepts made them easy to digest and convenient to cite, it was hardly pathbreaking.

If the overall importance ascribed to Porter's past work escapes you, the mystery has just begun. According to the publisher, *The Competitive Advantage of Nations* builds on Porter's "seminal achievements" to produce a "profoundly original" analysis of why certain nations succeed in certain industries. The book is Porter's long-awaited entry into the raging "competitiveness" debate.

Yet for a book with the chutzpah to be promoted as a "masterwork," its conclusions seem a little too familiar. A nation's productivity is critical to its standard of living? Competing makes companies better? A strong educational system is one of the best things that a government can provide for its economy? All true, but there's not a fresh thought in the pack.

Nevertheless, *Fortune* greeted the book's arrival with a featured excerpt. The *Harvard Business Review* gave it top-of-the-marquee billing. And review copies are tightly controlled so that only the "right" publications can render their fawning verdicts.

Like Porter's previous efforts, this book has some virtues. But it is hard to understand how a book devoid of original insights can be thought so important.

THE 800-page book is based on four years of research by Porter and a team of associates on the patterns of industrial success in ten nations. His aim is to understand what fosters competitive advantage in particular industries. The first two hundred pages review Porter's earlier work and lay out his "new" theory about what drives the creation of world-class competitors. The bulk of the book then applies this framework to describe the postwar performance of eight nations—America, the United Kingdom, Switzerland, Sweden, West Germany, Japan, Italy, and South Korea. Three final chapters explore the implications of Porter's analysis for company strategy, and especially for government policy making.

This outline has the makings of a solid, workmanlike study. But presumably because of Porter's continued determination to be

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"seminal," the book is forced early on to promise pathbreaking ideas that it simply can't deliver. The result is a repeated and sorry reliance on a "straw man" style of argument.

Take Porter's claim to be introducing a "new paradigm" for understanding patterns of international trade. Porter says that the prevailing model is still essentially an updated version of Ricardo's nineteenth-century theory of comparative advantage, which held that "factor endowments" alone—land, climate, geography, and natural resources—account for the goods that nations produce and the imports and exports that follow. Porter then goes on to show that many of the factors accounting for national success in our own era are created rather than inherited—which explains why resource-poor Japan, for example, can thrive.

True enough. But does anyone who ponders these things today, at least outside of the ivory tower, really think that a nation's inherited factors are the *exclusive* determinants of economic success, and that things like schools and bridges don't enter into it?

Or take Porter's claims about the implications of his theory for governments. Early on Porter tells us that his new approach permits "a far broader array of public policy options" than would normally be explored with "a less holistic conception of national advantage." But the book ends with a flurry of familiar bromides urging governments to improve education, promote research and development, provide incentives to increase savings, and the like. The debate of the past five years may not have been holistic, but it certainly unearthed all of these proposals.

The model that leads Porter to these familiar conclusions is his notion of the "national diamond." Porter says that in each nation four "determinants"—which can be displayed on a chart in a diamond shape—influence the economic environment and thus the competitive destinies of the nation's firms. There are "factor conditions" (the nation's inherited or created positions in factors of production, like climate, schools, and infrastructure); "demand conditions" (the nature of home demand for products and services); "firm strategy, structure, and rivalry" (which include the organization and management of companies as well as the intensity of domestic competition); and conditions that reflect the presence or absence of world-class suppliers and other related industries.

Like the Five Forces, the Four Determinants don't explain much that's not already known. Porter's analysis of "demand conditions" in Japan, for instance, will surprise no one familiar with elementary economics. Japanese apartments, Porter explains, are tiny because land is scarce and expensive; in response, Japanese companies have led in the development of small, multifunctional

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appliances like home-entertainment centers and kitchen gadgets, which do a lot in a little space.

Similar revelations based on "national diamond" analysis fill the book. Geographic industry "clusters"—such as Hollywood's show business, Madison Avenue's advertising industry, and Silicon Valley's computer companies—make constant communication easy and promote healthy competition. Necessity, in the form of oil shocks and other traumas, can spur companies to innovate and to become even stronger.

IN FAIRNESS to Porter, he and his team have gathered many fascinating facts about businesses worldwide. The book chronicles everything from German printing presses to Swedish pulp to Swiss chocolates. But when Porter shifts from getting facts to analyzing them, he basically identifies the same determinants of national advantage that Robert Reich, Mancur Olson, and countless others have been discussing for years.

Works like Porter's often are quite useful, but they shouldn't pretend to be more than they are. Management consultants badly want to have insights worthy of their pedigrees. But the mundane realities of the business world often do not lend themselves to brilliant insights. To make their analyses seem more impressive to clients than they really are, consultants tend to speak in jargon.

Porter's prose reflects this occupational hazard. Only a consultant caught deep inside his own mumbo-jumbo could tell us, for example, that nations will be competitive "where they possess unusually high quality institutional mechanisms for specialized factor creation"—instead of writing about schools and research programs. Or consider Porter's later statement that a "nation in the innovation-driven stage is enjoying the full fruits of self-reinforcement within the 'diamond' in a growing number of industries." In the end, *The Competitive Advantage of Nations* teaches less about competition among industries and nations than it does about the importance of common sense and the irrelevance of pretension.

In the book's epilogue, Porter concludes that his four-year study convinced him, "in a way that I could not anticipate," that "incentives, effort, perseverance, innovation and especially competition are the source of economic progress in any nation and the basis for productive, satisfied citizens." A taxi driver made pretty much the same point to me as I was coming back from the airport the other day.

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Redistribution: Selfish Socialism

RICHARD JOHN NEUHAUS

***Bertrand de Jouvenel*: The Ethics of Redistribution.** *Liberty Press. 118 pp. $12.00 cloth, $5.00 paper.*

I WAS MUCH impressed several years ago by a commercial that accompanied a late-night movie. A very proper gent with an English accent was hawking a set of records that purported to include "the greatest moments" of classical music. "And so," he concluded, "for only $19.95 you can get all the classical music your family will ever need." Bertrand de Jouvenel would have loved it.

The Ethics of Redistribution is the welcome reprint of a little book, first published in 1951, that includes two lectures given by Jouvenel at Corpus Christi College, Cambridge. Jouvenel, who died in 1987 at age eighty-three, understood himself to be in the tradition of Tocqueville. He has been described as the "least famous of the great political thinkers of the twentieth century"; this one book (he published several other larger studies) gives credibility to the claim.

In the world that Jouvenel saw unfolding, the fellow hawking records in that commercial would be a government bureaucrat announcing his determination of how much classical music families need. He cannot possibly know the families in question, nor can he discriminate between needs and tastes, nor can he weigh the need for classical music against a multitude of other needs. The notion that the state should allocate the distribution of classical music may strike us as preposterous. But it is key to Jouvenel's argument that such a prospect is no more preposterous than the idea that the state should redistribute income. In spending income, we make decisions about myriad needs and desires based upon criteria that often are not clear to ourselves and that certainly cannot be known to the government. The notion of a "just" distribution of income (and state action is supposed to be guided by the virtue of justice) is therefore utter nonsense in the service of tyranny, both petty and grand.

With frequent resort to aphorism, Jouvenel packs volumes of wisdom into these two lectures, which he presents from an angle that might favorably be described as eccentric—just a little outside the center of any of the going views. Dr. Johnson would approve, for a careful reading of *Redistribution* clears the mind of partisan

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cant. Already in the 1940s, conservatives were making the argument that would gain political ascendancy forty years later; they contended that the redistribution of income, when pressed too far, results in economic disincentives that burden the poor and nonpoor alike. That, Jouvenel notes, is an argument from prudence, and it is true so far as it goes. But Jouvenel wants to go further. The usual conflict between the advocates and opponents of redistribution, he says, "is a borderline quarrel, involving no fundamentals"; and as his title indicates, Jouvenel wants instead to address the *ethics* of redistribution.

"It is a common but ill-founded belief," he writes, "that ideals of social reform are somehow lineal descendants of one another." Agrarian land redistribution, for instance, is not like the redistribution of income. Although Jouvenel does not use the terms in which the argument over equality was subsequently framed, his point is that land redistribution seeks to achieve equality of opportunity, whereas income redistribution smacks of equality of result. Nor should income redistribution be confused with socialism, which Jouvenel thinks is a beautiful ideal, although of limited practicability. True, many who call themselves socialists are also redistributionists, but that is only because their ideas are awfully muddled. Such socialists have in fact accepted the most base notion of society as a mass of individual consumption units. Neither the socialists nor their opponents are asking the ethical question about societal goods, never mind the common good.

The choice between left and right, as usually posed, "is not an ethical choice at all, but a bet." Do we bet that redistribution, with its probable negative effect on economic progress, will provide most people with a higher standard of living than capitalism with its inequality? "Or," writes Jouvenel, "do we put our money—it seems the proper term—on the other horse?" That way of stating the question, he contends, completely evades the ethical, and ends up with both socialists and capitalists acting on the premise of the most extreme individualism. "Nothing quite so trivial has ever been made into a social ideal," he writes in chiding the redistributionist reformers. By abandoning the goal of solidarity and selfless service to a higher good, the reformers eliminate the socialist ideal that capitalist societies, too, need to respect.

Jouvenel takes the redistributionist socialists to task for not being socialists in the true sense of the term. "What is to be held against them is not that they are utopian, it is that they completely failed to be so; it is not their excessive imagination, but their complete lack of it; not that they wish to transform society beyond the realm of possibility, but that they have renounced any essential

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transformation; not that their means are unrealistic, but that their ends are flat-footed. In fact, the mode of thought which tends to predominate in advanced circles is nothing but the tail-end of nineteenth-century utilitarianism."

THE IDEAL of socialism as the city of brotherly love, says Jouvenel, reflects the apostle Paul's scheme of the relationship of law and grace, as transformed by Rousseau. Rousseau understood that progress increases strife, and the required remedy for that was "the displacement of man's center of affections, love of the whole being substituted for self-love." Regrettably, socialism developed in a manner that focused on private property as the source of estrangement and antagonism. "It therefore creates the first essential antagonism," he writes, "between those with property and those without, and second the struggle among the propertied." The result is that socialism creates not, as intended, a solidarity of love but a solidarity in strife.

The ideal of the brotherly city should not be dismissed as utopian. Monastic communities have embodied that ideal for centuries. Their members unhesitantly share material goods, because such goods are devalued. The desires of those in the community "are not addressed to scarce material commodities, and thus competitive; they are addressed to God, who is infinite. In short, they are members of one another not because they form a social body but because they are part of a mystical body. Socialism seeks to restore this unity without the faith which causes it."

Socialists of sundry sorts we will have with us always, and few of them will take kindly to Jouvenel's consigning them to the sphere of monastic idealism. Knowing this, Jouvenel devotes most of the book to convincing them that redistributionism—their chosen way to contend in "the real world" of economics—is not a possibility for them. Not, that is, unless they wish to endorse precisely the individualistic and competitive consumerism that socialism is supposed to cure. Redistributionists pit human need against human greed. Jouvenel's project, too briefly stated, is to demonstrate that the socialist definition of need is, at bottom, identical with vulgar capitalism's notion of greed. At the practical level, he exposes the fallacy in trying to establish a "floor" and a "ceiling" of decency for incomes.

There cannot be enough "excess" wealth above any conceivable ceiling to meet the needs of those whose incomes fall below the determined floor. Therefore, the state must dig deeply into the income of the working and middle classes. In order to get the nonpoor to let it do that, the state offers the moral argument of

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charity—that it is necessary to help the poor—and, at the same time, devises numerous programs that benefit the bulk of the people from whom it took the money in the first place. As Jouvenel writes, "The public authorities, so that they may give to all, must take from all." What is really going on here, it turns out, is not a redistribution of wealth from the rich to the poor but from individuals and families to the state. The assumption, of course, is that the state knows better than individuals and families how to spend the money wisely, even "justly."

JOUVENEL is especially effective in showing why those whom we now describe as the knowledge class should resist the logic of redistribution. Clearly, redistribution based on a democratic practice of "maximizing satisfactions" would fail to satisfy those whose needs and desires are in the minority. Most socialists intuitively know this. At this point, therefore, they abandon the logic of redistribution and favor the intervention of the state to assure that "higher" appetites (namely, theirs) are satisfied. This, as Jouvenel notes, is among the inner contradictions of socialism.

If socialists are neatly skewered, however, Jouvenel declines to comfort those who bet on capitalism in the belief that it will more efficiently maximize satisfactions. His central moral contention is that the very idea of maximizing satisfactions is problematic. Consuming material goods is not, he insists, the stuff of life. In a section titled "Gnawing the Income Bone," he writes: "The notion of income as means to consumer-enjoyment implies that the individual, his day's work done, his debt to society discharged, retires to masticate his income-bone in seclusion, a selfish gastric process, leading nowhere." Jouvenel is not simply making a *moralistic* point, protesting that people should be better than that. He is saying that, in fact, people do not live that way. People do not live, and would abominate the idea of living, as consumption units.

There are all kinds of (socialist?) acts of selflessness and solidarity that are ignored by economic theories, both socialist and capitalist. And the transfer of responsibilities to the state undermines such acts. In tax laws the family, for instance, is thought of in terms of consumption rather than production. It is not given the benefits accorded the fictional "person" of a corporation; thus it cannot write off its expenses. "It is quite incomprehensible," he writes, "that a breeder of dogs for the race track should be allowed his costs, depreciation, etc., while the father of the family is not. It is as if the lawmakers sympathized more with the purpose of the former, which is to sell dogs for the track, than with the purpose of the latter, which gives men to society—incidentally for soldiering

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and tax-paying." In sum, the vulgar utilitarianism of theories of maximizing satisfactions—of both left and right—is opposed to even the most elementary concept of a good society.

The Ethics of Redistribution is all over the place, and almost always brilliantly so. Its strength is in the making of surprising connections, the deft execution of unexpected turns, the suggestion in passing of lines of thought that cry out for elaboration. (For example, this on how people trust decisions made by the state rather than those made by the market: "Yet the hierarchy which results from men's decisions as buyers seems to them as citizens the most unacceptable, and those superiorities which are the outcome of their daily behaviors are the least palatable.") For all the intellectual and rhetorical playfulness, however, this is a doleful book. Jouvenel viewed things as going from bad to worse, his idea of a good society receding ever farther from the realm of likelihood. He can expose the fatuities of the redistributionist logic, but he appears to see no way of controlling the dynamics unloosed by that logic.

Forty years later, he might have been encouraged by the degree to which some of his arguments have become politically salient. To the extent that this has happened, it is not necessarily because people are thinking more clearly, but because more people have had more experience with the state doing things very poorly. There is perhaps a reduced willingness to hand decisions and resources over to incompetent public authorities that frequently exacerbate what they are supposed to remedy. The force of the chief moral argument for redistributionism, that it alleviates the needs of the poor, has been greatly weakened by the widening awareness of the welfare underclass. These are developments that Jouvenel's arguments could conceivably have anticipated, but it was perhaps necessary to experience them for his arguments to acquire greater public potency.

JOUVENEL does not deny, but emphatically underscores, our moral responsibility to the poor. His point is that redistribution of income is the wrong way to go about exercising that responsibility. Relief, charity, and *noblesse oblige* are all imperative in any social order that aspires to decency. He would gladly accommodate socialists by accepting the moral obligation implied by "solidarity," so long as it does not mean state-directed redistribution. But then and now, socialism has always meant exactly that. Jouvenel has no complaint when social goods—food, medical care, minimum income in times of unemployment—are provided for people who would otherwise be without them. That is

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"a primary manifestation of solidarity" and is not what he means by redistribution.

"What does come under redistribution," he writes, "is everything which relieves the individual of an expenditure that he could and presumably would have undertaken out of his own purse, and which, freeing a proportion of his income, is therefore equivalent to a raising of his income." One might observe that the line between relief and redistribution remains somewhat vague in the present book. There is, so to speak, a category creep from one to the other. Popular approval of relief is combined with a desire not to create a "protected class." Political pressure builds to spread the supposed benefits of state intervention more broadly. And thus does the intention to provide the relief that Jouvenel favors inexorably result in the redistribution that he deplores.

Jouvenel writes that the responsibility for relief, an unquestionable social obligation, has been laid on the state by default. It is the result of "the destruction of neighborliness, of responsible aristocracies, and of Church wealth." Had he been writing in the American context he might have seen things differently. Here the role of philanthropy, neighborliness, and, if not church wealth, religiously-based voluntarism, is vibrantly alive and growing. This touches, of course, on what some of us have called the role of "mediating structures" in American society—a concept that, not incidentally, fully accords with Jouvenel's concern for the family.

The mediating-structures proposal has been around for quite some time now (Peter Berger and I published *To Empower People* in 1975). Admittedly, there has been slight progress in its policy implementation, though the reasons for that are for another discussion. I mention it here only because the proposal points to a promising factor not mentioned by Jouvenel, no doubt because it is less prominent in England and Europe. At the same time, it is surprising that a student of Tocqueville was not more alert to the patterns of associational assistance that so impressed the master in America. In any event, the redesign of social policy to advance public ends through non-governmental means holds the promise, at least in America, of blocking the category creep from relief to redistributionism. It holds the promise of precluding the nightmare in which an agency of the state will take my money in order to buy for me all the classical music that it has decided I will ever need.

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The State of Harvard

HARVEY C. MANSFIELD, JR.

***Henry Rosovsky*: The University: An Owner's Manual.** *W.W. Norton & Co. 309 pp. $19.95.*

HARVARD is either the best American university or close to it, and according to Henry Rosovsky, two-thirds of the world's best universities are American. Rosovsky was dean of the faculty of arts and sciences at Harvard from 1973 to 1984, and his deeds of fiscal, administrative, and curricular reform were so widely admired that the presidency of Yale was reportedly, and of course unsuccessfully, dangled before his eyes. At Harvard he was both loved and feared in a way to make one doubt Machiavelli's maxim that a prince must choose to be one or the other. After leaving the deanship he was made a fellow of the Harvard Corporation, a signal honor.

This combination of bests spells authority, and Rosovsky has written a book, *The University: An Owner's Manual*, that is the most authoritative answer to recent critics of American higher education such as William Bennett, Allan Bloom, Lynne Cheney, and E.D. Hirsch, Jr. The book is authoritative in the best way, too—calm, reasonable, approachable, and firm—while written in a most engaging style that takes the edge off its refutations, leaving the weight. But it does not convey the main truth about American universities today.

If I take issue with the dean, it is with reluctance, not to say trepidation. I am a tenured Harvard professor, who as department chairman had a minor share in his administration. Like him, I love Harvard wisely and not too well: just a little more than it deserves. So I am going to make use of my tenure to criticize his book, and while I am at it, I will take a swipe at a recent pronouncement by Harvard's president, Derek Bok.

Rosovsky's book is a "must read" for all who want to know how American universities are run, but it is particularly useful to political scientists and to professors of all kinds. To political scientists he reveals a self-conscious political sense somehow given or acquired without the aid of political science. To professors he shows how they look to someone who is obliged to govern them. Rosovsky, an economist by profession, says that one of his advantages as dean was his appreciation of the economic concept of "trade-offs." The real choices are not to have or have not, but to have more or less. A passionate difference in principle that seems

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unbridgeable can in fact be accommodated with a cool analysis that makes both sides happy, or satisfied, or "satisficed," with less. But unlike most economists Rosovsky understands that the desire to be passionate must also be included in the accommodation, so that as many as possible can feel that they have won. The trade-off analysis that convinces the economist will infuriate the partisan to whom it seems like superior indifference. The solution, therefore, is not to teach everyone economics but to practice vagueness.

A dean must be vague—and this book is deliberately vague. I do not mean that the book is hesitant in tone or unclear in expression. But precisely because it is authoritative, it is not argumentative. It contains deanly dismissals—"I have never been able to accept this view"—that are vague only as to the reason for unacceptability. But professors, as distinguished from deans, care mainly, or only, for the reason. Their standing in the academic community, Rosovsky notes, depends on their individual reputations as scholars, not on their capacity for teamwork. If certain critics attack American higher education as a whole, professors are not likely to think that this reflects on them personally. Their main concern is whether the critics' arguments are consistent with what they themselves believe and have published. The *conclusion* that higher education is unsound means much less to professors than the *principles* by which it is declared unsound. To be a professor is to be able to live by one's principles painlessly and, as it were, to be heroic as a matter of course.

Such an attitude can be somewhat irresponsible. It takes no account of the mutual respect and cooperation, however minimal, that sustain a way of life mainly devoted to staking out one's own point of view. Not to mention the money also required to support universities, from sources who like to believe, wrongly, that money talks.

Thus professorial argument is incapable of securing the conditions of its own existence. In relation to other professors, and to forces outside the university, the best and most original arguments do not automatically prevail. While truth always comes out on top in your own books, it does not succeed so well with other professors, who will be envious of your discoveries (envy being the besetting sin of academia, as Rosovsky sagely remarks). Those outside the universities, who do not live like professors and who are not so absorbed in their own projects and constructions, tend to be suspicious of and resistant toward the academic community. Securing the nonacademic conditions of academic life—comity and money—therefore becomes a job for deans and presidents. They are called to the task of defending the universities, and to do it in

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political terms that will gain the most support—as opposed to flaming statements of principle that are coherent but divisive. Deans and presidents cannot afford to show how well they argue, not because they are incapable—perish the thought!—but because they cannot afford to annoy those whom they might excel.

The circumstances of Rosovsky's appointment as dean illustrate the point, and so does his book. In a charming self-introduction, he tells us that he became dean in 1973, when memories of the battles of the late sixties were still fresh. He was a "typical centrist," with friends in both camps—the liberal caucus supporting the student rebellion, which he calls "left-wing," and the conservative caucus opposing it, which he is pleased to call "reactionary." He was appointed, he says modestly, because he was acceptable to both sides. The two previous deans, Franklin Ford and John Dunlop, were known as opponents of the rebellion, but in 1973, in order to rebuild the mutual respect necessary to the well-being of a university, President Bok appointed a man known to be of neither side. This meant that he had granted a power of veto to the Left, that Harvard was therefore taking a step to the Left, and that it would no longer oppose the sixties rebellion in principle, even though some of its reforms were abolished and other demands have been resisted. It was a big change, recognized as such at the time, that has essentially set the course of policy at Harvard from then to now. Other major American universities have done the same. The question is how well it has worked.

ROSOVSKY'S BOOK is subtitled "an owner's manual"—as if, he says, for a new car. The likeness is not immediately apparent, but the motive for suggesting it is to provide an upbeat appraisal from someone (a previous owner or seller or manufacturer?) who has the confidence to be candid about the faults of the product because he knows how it runs. The American university is a going concern, much prized by Americans who compete to gain admission and by foreigners who attend in preference to their own universities. It is not divided against itself, composed of two parties, or in crisis. Thus Rosovsky's book is not at all about the late sixties; after describing the occasion of his appointment, Rosovsky drops the subject. But that is because the book is truly about nothing but the late sixties.

Rosovsky knows that he will be judged in the long run by how he dealt with the issues of the late sixties, not by the fiscal competence that gained his reputation in university-administration circles. He "met the payroll," and more, in very difficult times, but in the 1980s, with a drop in inflation and a rising stock market, the

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times turned better for Harvard. The educational issues remained, however. And in regard to these, Rosovsky must cover up his accomplishments or at least not call attention to them. As a "typical centrist," he must frame the questions so that readers look to the calm and success of American universities since 1968, to the "known facts" that contradict any accusation of decline. A thematic argument to this effect, however, might raise the passions that are supposed to be stilled, while convincing only those already disposed to his view. Better a manual of inside information.

Rosovsky is further aware, despite the punctuation of "owner's manual," that several groups claim to own the university: students, faculty, administration, trustees, alumni, governments, the general public. Again, he does not present the arguments that each group might make on its behalf, but at the end of the book he quietly sorts out the rights of these squabblers. He finds seven "principles" of his own for ensuring that universities are well governed. They are not argued out, like professors' principles, but merely are stated as common sense informed by experience (as indeed they are). All of them call for, or presuppose, hierarchy as opposed to equality. In the late sixties they would have identified him as a member of the "conservative" caucus. The first principle—"not everything is improved by making it more democratic"—Rosovsky jokingly admits to be deeply reactionary. Indeed, although Rosovsky characteristically does not say so, it is directly contrary to *the* political principle of the student rebellion—participatory democracy. Of all the possible "owners" of the university, he is most severe with the students, rejecting flatly any peremptory claims for student power on grounds of "incompetence." To have abolished student votes on tenured appointments in the Afro-American department was, he says, a "return to sanity"—the very phrase of a satisfied reactionary.

And yet, despite these and other agreements with the conservative position, Rosovsky refuses to consider himself a conservative. He dismisses conservatives who as usual "feel there has been too much change—Great Books abandoned, grade inflation, trendy subjects." But his real objection is to the nostalgia that exudes from these mossbacks. When the American university was being run as they prefer, forty or more years ago, it was constricted by narrow class privilege. Fewer Jews, blacks, Asians, women, and poor people were present, and the subjects taught were tainted by this fact. "Thus," Rosovsky concludes, "common learning was not so much the reflection of curricular or pedagogical virtue, but rather the consequence of narrow class privilege."

Really? Plato, the Bible, Shakespeare, and other such elements in our "common learning" were the consequence of narrow class

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privilege? Nothing is said to support this charge, which could not even be advanced until it was shown that Plato et al. are narrow and prejudiced while their replacements are generous and enlightened—which Rosovsky says he does not believe. Apparently he yields up the possibility of common learning to the necessity and desirability of dismantling class privilege, and any pangs of nostalgia that he might feel for that learning, and that he might share with the conservatives, he treats with a soothing dose of relativism.

RELATIVISM is evident in Harvard's core curriculum, one of Rosovsky's main achievements as dean. Although he formulates generally the standard of an "educated person," the actual definition and execution is left in the hands of the major departments of the faculty. Their "approaches" are the content of the core: not the history, for example, that an educated person needs to know, but rather the approach of an historian. To know the essential history is merely to become aware of the methods of present-day historians, for which a course in the history of anything would suffice. The various approaches are defined by the different professions, so that the university, seeking a self-generated definition of an educated person, moves closer to the professions.

As dean, Rosovsky deliberately made Harvard more professional. In making appointments he introduced a new spirit (and procedures to enforce it) of not merely consulting but seeking guidance from the professions. "The best in the world" has been Harvard's standard for a new appointment for some time, as Rosovsky remarks. It is of course an impossible ideal if it is thought to imply that every professor at Harvard is abler than every professor elsewhere, but it surely sets a high standard. Now, however, the best are rated by the professions outside Harvard, i.e., by those who are not best in the world. My department (Government) used to have a certain disdain for the political science profession, but now it tries to remain on top by following the trends.

Rosovsky stresses that the professions generate "new knowledge" at an amazing rate. The only way to keep up is to join in and be a producer yourself. What does new knowledge amount to? Obviously some disciplines have progressed—but not in equal measure. New knowledge continually turns old knowledge into discarded opinion, but apparently it never gets closer to truth because the rate of new knowledge is not slowing but actually expanding. More and more knowledge, less and less *Veritas*. No one has the time to become wise. Anyway, what good would it do, since all wisdom gets stale and becomes conventional wisdom?

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Such is the machinery of university research today. It is hard to tell whether it is functioning smoothly or running berserk, and any dean presiding over it would have to show his satisfaction in a nervous smile. But according to Rosovsky, it beats any attempt at maintaining contact with the permanent questions of human life, which can be blamed as nostalgia for the time of narrow class privilege. Rosovsky rejects participatory democracy, but he seems to agree with its proponents' contention that American education was narrow and oppressive.

It would be unfair not to mention at this point that Rosovsky calls for a curriculum that "strikes a balance between enduring classics (reinterpreted for each generation) and the presentation of current best practice." But he does not betray the least awareness of a problem today in this regard. So far I have proceeded slowly, cautiously, and deferentially to reconstruct the argument of a prudent man who is justifiably wary of entering into heated disputes. But now I must record my amazement, nonetheless, that he seems oblivious to what is going on in American universities now, and tries to answer the critics by ignoring the evil that they decry.

The evil is politicization, an ugly word for deliberate, organized bias. Politicization has arisen from the accusation of the late sixties, the very one Rosovsky repeats, that universities shelter and promote "narrow class privilege." Universities cannot help doing this, the argument continues, because their claim to be detached from the social and economic interests of their "owners" is false and hypocritical. The human intellect cannot transcend the interests of the human body, which is white or black, male or female, heterosexual or homosexual; hence the intellect is not human in any sense that rises above those distinctions. Reason is rationalization, justification is propaganda; and therefore education is indoctrination. I have stated the conclusion without the usual jargon that makes it seem complicated and without the qualifications that conceal its extremism.

The radicals who accept that conclusion are not appalled or made hesitant but on the contrary "empowered" by it. They think that the inevitable indoctrination should be in their control. So they aggressively turn every important question of education—student life, curriculum, and especially faculty appointments—into opportunities for political gain. Without shame, with a minimum of concealment, and with increasing boldness, the radicals promote their partisans and their agenda in the universities. They do this in part by inventing new specializations like Women's Studies, which gives a thin veneer of professionalism to feminist partisanship. To such pretensions the various professions have offered not protest or

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even examination but applause and cheering. They call for and endorse the kind of partisan behavior that would once have been considered unprofessional.

In addition, however, the "enduring classics" have fallen victim to "deconstructing"—better to say destructive—interpretations that examine their noble authors for signs of racism, sexism, and elitism; convict them before a partial judge; and sentence them to public whipping, torture, mutilation, and, if it were possible, oblivion. As in the Western Civilization course at Stanford, one can substitute Frantz Fanon for John Locke so as to have a better guide to the Third World today[1]—or else, more subtly but not much more, one can interpret John Locke deconstructed to be saying the same thing as Frantz Fanon. In either case a procedure that claims to be opening the mind is in fact closing it (the point of Allan Bloom's book): John Locke is in truth a much more revolutionary figure than is a second-rate publicist such as Fanon. When universities shift from Locke to Fanon, their standards suffer because they pay no heed to the difference in quality between the two authors; they imprison themselves in fashionable opinions and teach their students nothing new. They do not even understand the Third World because it is Fanon, not Locke, who is ethnocentric.[2]

Dean Rosovsky should be pointing his finger at this pernicious partisan nonsense and denouncing it for failing to provide the "critical appreciation" that he thinks necessary to an educated person. Instead, when discussing professors' "burnout," he remarks unsympathetically, "entire fields leap forward in new ways and leave behind those unable to change." But politicization is not wholesome change, and those left behind are not victims of burnout. Professors regarded as reactionary are isolated, their views dismissed disrespectfully, and their students shut out of academic jobs. So far the evil is concentrated in the humanities, but it is also felt very strongly in the social sciences. Politicization rewards shallow opportunism as opposed to solid scholarship. At Harvard, those departments in the humanities that have been most affected by it have suffered a precipitous decline in quality. And the core curriculum has been invaded by such a course as "African American

[1]See the statement of this debased opinion by Charles Junkerman, Assistant Dean of Undergraduate Studies at Stanford, in a letter to the *Wall Street Journal*, January 6, 1989.

[2]Rosovsky (p. 124) finds Allan Bloom's argument about ethnocentrism "mind-boggling." This must be an instance of deanly disdain, expressed ironically, for fancy arguments from professors. But the point is simple: "ethnocentrism" is a uniquely Western concept, the name coming from present-day anthropology, the idea from Greek philosophy. Only the West came on its own to criticize itself in this way. Therefore the very attack on Western civilization for being ethnocentric declares the superiority of the West in this regard.

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Women Writers," with which Harvard students can satisfy one of their core requirements in Literature and Arts. An interesting course, no doubt, but is it an equivalent for Shakespeare?

Politicization comes from the Left. Of course there have always been right-wing cranks (like those who used to attack Keynesian economics!) who want to politicize the universities, but they are easily dealt with because they come from outside. American universities opposed communism without surrendering to McCarthyism. No programs of Anticommunist Studies were created, no proponents of Senator McCarthy were made professors, so as to appease those who wanted to use the university for a political purpose. The present assault on the universities comes from within. It is curious that when listing reasons for the superiority of American universities to European, Rosovsky does not mention the domination of the latter since World War II by the Left. Up to now American universities have been spared this cause of blight.[3]

It doesn't seem to occur to those who demand more diversity in the universities that the most important diversity is not in race or sex or class but in opinion. Indeed, the ideal of the diversity-mongers seems to be a cosmopolis of all categories of society's victims where everyone says the same thing in unison, like the Coca-Cola ad. Rosovsky stresses the importance of competitiveness in American universities, but he does not make a point of the difficult virtue necessary to sustain it, which is an ability to discern, together with a willingness to reward, merit in those with whom one disagrees.[4] That virtue—a mixture of prudence and justice—is now increasingly in short supply because its very possibility and desirability are denied. It is being replaced by political zeal.

By a strange coincidence Harvard's President Derek Bok has devoted his *President's Report 1988-89* to the critics of American universities. He too brings up the paradox that American universities are much in demand by foreign students while heavily criticized at home. But the critics would have no dispute with the presumption that American universities are invaluable institutions worth saving and defending; the question is whether they are now being spoilt. Bok does not stop to analyze the critics' observations and arguments; like Rosovsky, he seems oblivious to what has been

[3]Rosovsky asserts that American universities "are home to every point of view." Hah!

[4]Nor does Rosovsky discuss other obstacles to competitiveness such as affirmative action and grade inflation. Thanks to the silence of most liberals, these are now identified as conservative issues. Several of the sample courses from Harvard's core curriculum mentioned by Rosovsky are well-known "gut" courses. One of them, "Jesus and the Moral Life," is known to undergraduates as "Jesus and the Easy Life."

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called "the crisis in the humanities" but which, more broadly, constitutes a loss of faith by the universities in themselves. He resolves the criticisms into a demand for a required course of Great Books (such as the one suggested in Lynne Cheney's report *Humanities in America*), then points to other subjects that might plausibly be considered indispensable, and concludes that such disagreements over the curriculum "are typically so subjective and value-laden that no one can prove convincingly that only one answer is correct."

By using the pejoratives "subjective" and "value-laden,"[5] President Bok is suggesting that only objective and value-free differences are resolvable; and since arguments for a Great Books requirement are subjective and value-laden, choice and pluralism are the one and only answer. President Bok does not seem to be aware of a force within the university that does not draw this open-minded conclusion. These are the very politicizers that I (together with Bennett, Bloom, and Cheney) am complaining of. They believe that every subject taught in the university is already value-laden and has to be; therefore the only solution is to give each a positive value charge of the right kind, which is the kind they want. That is the idea behind Women's Studies, to give the most glaring example; to correct the bias in favor of males not with an objective, value-free scholarship—which is impossible and undesirable—but with a new bias in favor of the liberated female. And this is not what *I* say in criticism; it is what *they* say as a boast. Nor is it a matter of temporary revenge; the ideal of objectivity or detachment is under attack, not just the practice. The attack is the same as the demand for relevance in the late sixties, except that now it comes from faculty, not from students, and it is preoccupied with university politics rather than politics outside (where the prospect seems bleak).

Thus the charges of us critics cannot be reduced to the proposal for a required course in the Great Books with which freedom-loving American college students are being threatened by a powerful mass of crusading conservative professors. Actually the resistance to it would come more from faculty than from students, and it is precisely the resistance that is most worrisome. American universities today are coming to be dominated by people who think that Plato, the Bible, and Shakespeare are subjective and value-laden, a sentiment with which President Bok apparently agrees in

[5]Everyone knows that "value-laden" does not mean "valuable"; it means "debatable." President Bok, in continuing to use the term "value," has perhaps not fully absorbed Allan Bloom's exposure of its undemocratic origins; see *The Closing of the American Mind*, pp. 194-216.

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his own way. If put in charge of a required course, these professors would do everything in their power to transform the Great Books into small books, infused with partisanship as petty as their own. Such a course might still do some good, because *Don Quixote*, say, has within it the power to charm its readers and to refute all denigration. There would be a grim struggle between the book and the interpreters who are trying to dismantle it; the book would survive, but so would the example given to the young of unpunished disrespect for a fine thing.

ROSOVSKY AND BOK claim to welcome change, but in fact they are satisfied with the status quo. It is, to repeat, a nervous satisfaction, because the pre-sixties liberalism that they stand for is dead on its feet. That liberalism had its accomplishments: it sustained American universities against the threat of McCarthyism, on the one hand, and of communism, on the other. (Perhaps in view of the collapse of communism liberals will once again want to take credit for their own anticommunism.) Indeed, I am inclined to believe that the superiority of American universities over European is due to the energy and abilities of American liberalism. Rosovsky and Bok do not say this because it would blow their pluralist cover, but it is no accident that both make such a point of the market advantage of our universities.

Today, unfortunately, liberalism is surrendering to the radicalism of the sixties, not only in the universities—consider what has happened to the Democratic Party—but especially there. Rosovsky and Bok are not radicals; they have opposed the radicals on many important points. They have kept peace in the university, not a small matter for those who remember the conflict of the late sixties. But I think I have shown that they have yielded essential ground that a university must occupy if it wants to remain itself: the possibility of devotion to truth.[6] I do not deny that someone could doubt the possibility in theory. It is rather the dogmatic insistence on denying it that justifies aggressive disrespect for the purposes of a university.

Nor do I mean to demand that professors stay out of politics. Many of them work or consult in government, and some get involved in partisan politics. This is nothing new and hardly

[6]Rosovsky cites the stirring example of E.H. Kantorowicz, a famous historian who in the 1950s refused to sign an anti-Communist loyalty oath because it was offensive to the maturity of mind, independence of judgment, and conscience of a professor. But under the "non-traditional philosophical assumptions" that Rosovsky mentions casually (pp. 163-166), as if they were nothing to him, these qualities are nonexistent, and aspiring toward them is nothing but a delusion on the part of pompous middle-class white males.

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deplorable. Professors are citizens, and some are even useful citizens. Their activities as citizens can also help them as professors, for anyone who wants to learn about human beings should watch them at their most serious, which is usually in politics. But it has long been believed that partisan engagement is dangerous to scholarly detachment because the desire to win—the essence of partisanship—can supersede one's devotion to the truth. So professors have been encouraged by their universities and by professional associations to take care, to "bend over backwards," lest their books and classrooms become contaminated with partisan zeal and animosity. Those professors who indulged themselves in "preaching," as it was called with disdain, became notorious.

Now, however, this sound opinion and the practices of self-denial that it justifies are not just called into question, but dogmatically rejected. This is happening chiefly in the humanities, but it is also beginning to invade the softer social sciences, where many have long had doubts about the use of scientific methodology (though not about the possibility of scholarly detachment). Race-class-gender sensitivity is not yet in full control, but it is the latest thing, the leading edge. It has the advantage of being on the side of "change," and Rosovsky and Bok stress that change is the leading characteristic of scholarly knowledge. They do not warn against the dominion of fashion; that would sound conservative. Perhaps the new value-laden sensitivity is no more than a fashion that will pass. But it is a fashion that denies any protection against fashion, that tends to establish the reign of fashion.

Rosovsky and Bok complain that society wants the universities to do contradictory things—as if that could ever be otherwise; but they do not see, and what's more, do not clearly say, that devotion to truth is what makes universities at heart independent of society's desires. They practice, and indulge, the fashionable superiority toward Western civilization manifested by those who now are responsible for preserving its legacy, apparently forgetting that universities are uniquely Western, and that only in the West have societies tolerated criticism from such an unfailing source. They are such partisans of American universities that they overlook the need to understand and defend the idea of a university as such. For their accomplishments they neither need nor probably want congratulations from me. In any case my admiration for them is clouded by fear of their successors. Rosovsky's comparison of a university to a car is faulty: a car is the same whether it is driven to Chicago or New York, but a university is defined by the direction in which it is taken.

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Is Choice a Necessity?

ABIGAIL THERNSTROM

***John E. Chubb and Terry M. Moe*: Politics, Markets and American Schools.** *Brookings Institution. 336 pp. $28.95 cloth, $10.95 paper.*

***Myron Lieberman*: Privatization and Educational Choice.** *St. Martin's Press. 400 pp. $35.00 cloth, $12.95 paper.*

***Myron Lieberman*: Public School Choice: Current Issues and Future Prospects.** *Technomic Publishers. 216 pp. $32.50 paper.*

HERE'S a political puzzle. A year ago, educational vouchers and tuition tax credits were almost a taboo subject. Today, the notion of public money for private and parochial schooling has made a startling comeback. Conservative advocates have suddenly been joined by liberals. In Wisconsin, Tommy Thompson and Polly Williams—the Republican governor and a black Democratic state legislator—have together fashioned legislation that is sending approximately four hundred Milwaukee inner-city students to attend private schools with public money. In Oregon, dissatisfied parents across the political spectrum have put the question of tuition tax credits on the November ballot. And in Washington John Chubb and Terry Moe, with the imprimatur of the Brookings Institution, have made national news with their barely disguised voucher plan. What explains the change?

In part, vouchers are both a liberal and conservative natural. In a market setting they provide equal educational access. In addition, even high-spending urban public school systems aren't educating the kids. (Boston spends approximately $8,000 annually per pupil, and this year the school committee cancelled the eighth-grade reading test that was a new requirement for high school graduation, when it learned that an estimated 40 percent of the seniors were going to fail.) Parochial and private schools, on the other hand, may be doing better with students whose socioeconomic profile matches that of the public school population. Equally important, Polly Williams—a supporter of Jesse Jackson—has almost single-handedly legitimized disgust with both busing and the educational establishment. And Williams's message squares with an increasingly accepted idea: black and other minority children have a special need for teachers and programs that will

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boost their self-esteem. Finally, Chubb and Moe themselves seem to have played a part in sanctioning discussion. With Brookings in on the voucher act, what Milton Friedman has long been saying is suddenly okay.

If Chubb and Moe have helped bring vouchers back in from the cold, they have done us all a favor. But the book itself is odd. It is only an appetite whetter—evasive, almost elusive. One is tempted to ask: Where's the rest of it? The work seems incomplete—no more than half-finished. The authors have some data, which suggest some characteristics associated with successful schools. But the data were collected before the current reform movement took off, and as University of Wisconsin political scientist John Witte has persuasively shown, the empirical evidence does not support the policy that they embrace—namely, more choice. In addition, the whole package is thin. The book argues for replacing the existing democratic control of school systems with a market mechanism, but the authors are remarkably indifferent to the questions that critics raise about such a market strategy. They make no effort to anticipate and answer the arguments of opponents. And they are strikingly uninterested in the record of existing choice plans as well. In fact, in assessing public school choice in Cambridge, Massachusetts; East Harlem, New York; and elsewhere, they take as gospel the word of those who designed and now implement the programs, citing publicists as scholars.

THE CENTRAL ARGUMENT of the book can be summed up quickly. Current and future educational reforms of the usual sort are destined to fail, because they leave in place the institutions of democratic control that guarantee the mediocrity of urban public schools. If we want elected school boards, state boards of education, and the like, we are going to get bad schools—at least in the large cities.

Good schools have in common such traits as clear goals, rigorous academic standards, order and discipline, and strong leadership, the argument continues. Private schools have these qualities. They succeed because they are autonomous—free from bureaucratic control. They are governed not by formal, hierarchical, rule-bound institutions, but by their clientele: the families whose children attend them. A simple system of incentives operates: good schools get customers, and bad schools don't.

Public schools, on the other hand, are not in the business of pleasing parents and students alone. Instead they must satisfy a much larger public, composed of a variety of interest groups, each with its own agenda. It is their effort to institutionalize the norms

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of equity, fairness, and the like that is the root of the bureaucratic problem, in fact. For instance, the bilingual programs that an Hispanic lobby might want can't be implemented without rules, regulations, and bureaucratic control. (The example is mine; Chubb and Moe play it safe and stick to the abstract.) But bureaucratic control is inevitably at odds with the sort of school autonomy that effective education requires. Hence the only solution is to place education outside the democratic framework. The general public must be kept at bay, through the creation of a market system in which schools serve only those who choose to attend them.

What might such a system look like? The authors propose nothing less than "revolutionary reform"—the free use of public money by schools run by any interested organization or group. The schools could not of course be housed in fire traps; and they might have to guarantee some minimum graduation requirements. But no other bureaucratic controls would be imposed. These publicly funded schools would thus be free to peddle almost any educational wares, although those without takers would fold.

School choice is a genuine panacea, Chubb and Moe claim. "It has the capacity *all of itself* to bring about the kind of transformation that, for years, reformers have been seeking to engineer in myriad other ways [Chubb and Moe's emphasis]." Few readers will be convinced of that on the basis of the authors' analysis alone. The argument is too tidy. Chubb and Moe can be serenely confident that they (alone) have discovered the key to better schools only because they have chosen to ignore all the questions that blur the picture.

It's not clear, for instance, precisely why they believe that schools will improve in a market system. Parents will be making choices. Schools with too few customers won't survive. But are Chubb and Moe convinced that parents will gravitate toward the academically excellent schools and reject the flakes? They don't say, although the question is central to any discussion of choice.

Perhaps they seek only a more comfortable match between students and schools, but even that is not guaranteed. The parents, after all, will be making the choices, and what's comfortable for them may not sit well with their kids. It is hard, moreover, for a family to know what it's getting when it selects a school. Parent information centers—Chubb and Moe's solution—may not help much. Unless a school has a totally distinctive atmosphere that permeates every classroom (unlikely even in a market system), listening to an assignment officer describing a school's "commitment to diversity" and its "positive learning environment" is not going to tell a parent much. Nor will visits be very informative. A parent

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may like the personal warmth of a particular first-grade teacher, but their child may not get that teacher. The social class and racial composition of the school will be apparent, but is that the basis on which Chubb and Moe want schools selected? For many parents, visits will be difficult to arrange. In general, middle-class parents will probably make the process work better for them, but that suggests another problem that Chubb and Moe ignore: class bias.

In addition, educational "fit" and quality may be two quite separate questions. All the evidence from existing choice programs suggests that academic excellence is seldom what parents chiefly value in a school. A convenient location, a particular social atmosphere, good sports facilities: these are the sorts of considerations that govern. Yet if parents aren't concerned first and foremost about academic performance, the schools won't be either. And American education will remain the disaster that it is.

The point can, in fact, be put more strongly. A true market system will cause unpopular schools to close. But good schools may be unpopular, and popular schools may be educational duds—equivalent to the twenty brands of soda pop, all junk, sustained by clever advertising. Today the bureaucrats and professionals may have too much power to set educational policy, but tomorrow we may want to insulate those in charge from the short-term pressures that parental choice can generate.

ALL CHOICE PROPONENTS seem to agree that kids with different needs need different schools. Chubb and Moe celebrate the educational "diversity" that can be found in East Harlem, where junior high students can choose their schools. Autonomous schools, the reasoning generally goes, will inevitably be distinctive. When parents are free to select their children's schools, schools are pressured to offer something special. And distinctive schools find teachers with distinctive talents.

The assumption is that only the heavy hand of a centralized bureaucracy stops principals and their teachers from creating imaginative, distinctive schools. But many teachers and principals like to be told what to do. A 1988 U.S. Department of Education survey found that many principals don't want decision-making autonomy if it would make them accountable for the results. And in Rochester, New York, American Federation of Teachers vice-president Adam Urbansky has found that only a slight majority of the city's teachers want the additional responsibility that comes with new authority. In East Harlem, the innovative schools that Chubb and Moe salute were the result of top-down management; the good guys were in the central office that they would abolish.

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The schools of choice in East Harlem are generally small—often occupying only one floor of a building. They exemplify Chubb and Moe's model: little educational communes in which everyone is an ideological soul mate. Some kids will undoubtedly thrive in such an atmosphere, but we—including Chubb and Moe—don't know how many. Surely some will be better off in large schools with a diversity of teaching styles. The eighth-grader who switches clothes and friends with great abandon may need a school that gives her the chance to explore different sorts of education. She may need, in other words, an improved version of what is offered now: the heterogeneous school that tries to meet a range of needs. Within that school, she can find the education that seems to suit her. It's a setting that provides the opportunity that Chubb and Moe seek with their "revolutionary" scheme.

The choice rhetoric, with its emphasis on schools with "missions," confuses distinctive schools with good ones, and it is the latter that we should want. Schools could be much alike (like the suburban schools that Chubb and Moe generally praise), and if they were all academically serious and producing good results, who would object? Teachers and principals, moreover, must use their professional judgment in deciding how to get those good results. Chubb and Moe seem to think that anything goes as long as the parents and students like it. If they think back to their own high school days, did they like the teachers they now think are best?

The client-centered message that Chubb and Moe deliver ignores other questions as well. They seem to assume that if families have a right to try to raise their children to adhere to their values, then schools should second those familial choices. But this is a very recent way of thinking; for most of this century education was thought to be the means by which upwardly mobile children could escape the crippling confines of their family's culture. Thus public school systems were often at war with the values of immigrant groups who wanted their children at work, not in school. In fact, they still are; ask any teacher who deals with recent immigrant families from, say, Cambodia or Colombia.

Surely the idea that not all families know best—or that society has claims of its own—is not hopelessly antiquated. Public schools are publicly funded; public money should imply public control beyond requiring adequate fire escapes. For instance, the system that Chubb and Moe propose may result in the flowering of militant black separatist schools that teach a wildly distorted "Afrocentric" version of Western history. Those anti-white schools will be the equivalent of the obscene art that the NEA has been funding. And the issue will be the same: the right of the public to object.

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EDUCATION has purposes other than meeting individual needs. "Parents and students in a democratic school system have a right to participate but no right to win," Chubb and Moe complain. But why should they possess the right to win? Society too has a stake in what's taught. Schools must educate children in our civic culture. American society relies upon its teachers to turn an amazing diversity of children—often recently arrived from distant shores—into English-speaking citizens with a common commitment to the American political and economic culture. In no other country do schools assume responsibility for so large a task.

Chubb and Moe don't even mention the social purposes of schools, and they dismiss the worth of what they call "higher-order values." But some of those values, expressed in rules and regulations that bind and guide public school teachers, speak of our hopes for a just and enduring society.

Oddly enough, while the authors disdain all other governmental efforts to shape schools to reflect societal values, they would allow states to insist that schools be racially balanced. The concession makes no sense; even a cursory look at existing "controlled choice" programs shows that controls for purposes of racial balance seriously compromise choice. If Chubb and Moe want an educational marketplace in which families are free to switch schools, they can't condone getting the racial and ethnic numbers "right." A system reserving classroom seats for racial and ethnic groups is not one that parents control.

Controlled choice is a Massachusetts specialty—sold to the gullible world of choice advocates as another Massachusetts miracle. In fact, it is a system in which the real choices of many parents cannot be honored. As the director of the state's desegregation office admits, "in order to meet desegregation requirements ... a substantial minority of assignments [in Boston] will not be to ... first-choice schools." Parents should indicate even a fifth choice, he says.

For many Boston parents, a fifth choice is no choice at all; they can't find even three desirable schools. But that may be the least of their problems. Many will be "counseled" to list as their top "choices" schools that they would never freely select. Thus a report on Boston notes "the failure or inability of the parent information staff to counsel parents away from choices which they should have known could not be honored." In other words, if the parent information staff does its job properly, families will list only those schools in which there is room for children of their race. If the families comply, the state comes out ahead, since it can report (to

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people like Chubb and Moe) that a large percentage of parents get one of their desired schools.

The coercive nature of the assignment process under controlled choice is not a Boston problem alone. In other Massachusetts cities that have adopted such choice plans, the situation is much the same. In some, it's worse. Overcrowding in Lowell and Lawrence, for instance, means that no parents coming into the system with children beyond kindergarten will do much choosing. An Hispanic kid in Lawrence goes to the school that has not filled its Hispanic quota and can somehow fit him in.

This sort of information would not have been difficult for Chubb and Moe to obtain. But it would have muddied their pristine picture. Hence they leave the question of quotas to a footnote, citing one obscure article on choice and racial balance. They are otherwise silent on the race issue—an amazing fact in itself. To write a whole book on education that contains no discussion of racial differences in achievement, racial tensions, and the like is to write on a contemporary public-policy problem, disengaged from the world. In Chubb and Moe's portrait, there are no drugged parents who won't and probably can't make informed choices for their children; angry, underachieving kids who risk becoming rejects left behind in schools abandoned by others; teachers and principals devoid of creative ideas; and ethnic or religious activists eager to run very dubious schools.

This is not to say that vouchers are a bad idea. They're not. There is much to recommend in small-scale voucher experiments. And there are good answers to those who oppose them. But Chubb and Moe don't give them; they did only part of their job.

MYRON LIEBERMAN, on the other hand, has been thinking about education for a long time. His books are not easy to read. If Chubb and Moe's work is too tidy, his has too many loose ends. They let repetition fill the pages; he crams in too much detail. And he never ties the bundle up for the reader; it takes work to understand the main point. But everything that is wrong with the Chubb-and-Moe volume is right with Lieberman's books, which are works of unusual intellectual integrity. Lieberman believes strongly in public money for private schools, but advocacy never drives his scholarship. He doesn't flinch from the truth about the imperfect world of parents, kids, teachers, and markets.

Thus, on the subject of vouchers in *Privatization and Educational Choice*, he readily admits that existing private institutions may not be able to absorb more students and that the prospects for constructing new schools are not good. The demand

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might be there, in other words, but not the supply to meet it. Existing schools between which parents choose, moreover, often do not truly compete with one another. Most Catholic parents who choose parochial education are not sending a get-better message to the public system, Lieberman points out; they don't want the secular education that those schools provide, whatever its quality. Even secular schools, seemingly in competition, are often seen as apples and oranges—not simply different grades of fruit. Thus market proponents—of which he is one—cannot promise to raise the quality of education. "Voucher supporters see only the good effects of competition," he notes, while opponents see only its negative impact. "The actual outcome will undoubtedly lie between these extremes—but precisely where will depend on the specifics of the voucher plan adopted."

Lieberman is the rare writer on school choice who resists polemics. *Public School Choice* is a focused discussion of the inadequacy of options confined to the public sector. But *Privatization and Educational Choice* contemplates the many ways in which educational services provided by public employees can be transferred to the private sector. A school board, for instance, can hire a for-profit company to educate students with special needs. Or a district short of math and science teachers can rely on a company to supply instruction. Unlike vouchers, such contracting out, Lieberman notes, happily requires the passage of no new and controversial legislation. But again, his is no starry-eyed discussion. "Studies indicate that contracting out is utilized most effectively when the service involved can be readily identified, measured and evaluated," he notes. Anyone can judge whether a private trash collector is doing the job; "[w]ith education, however, it is more difficult to know what the outcomes should be, what they are, and how much weight to give them." Lieberman's arguments for the "privatization" of education are almost understated; that's their strength.

He has in common with Chubb and Moe, however, one trait: a disdain for the democratic processes that now govern public school systems. Political scientists, Chubb and Moe claim, understand with special insight the cost of democratic politics. Lieberman doesn't disagree. It doesn't work, they say, to get education all entangled with beliefs about right and wrong. Such convictions create bureaucratic controls and undermine the school autonomy that all reformers now want. But that is precisely what educational debates are mostly about: values. Choice advocates want the impossible: educational policy removed from the normative context in which it is inextricably embedded.

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The Perils of Legal Positivism

HADLEY ARKES

***Richard A. Posner*: The Problems of Jurisprudence.** *Harvard University Press. 485 pp. $29.95.*

THE PHILOSOPHER Thomas Reid once offered the rudimentary lesson that the enterprise of judging implied a standard of judgment, a standard that could not be supplied by "feeling" or intuition. To say that "the man's conduct gave me a disagreeable feeling" is not the same as saying that "the man acted unworthily, that his conduct ought to be condemned." What we report about the state of our feelings cannot bear on the question of whether a man's conduct could be regarded as wrong or unworthy by anyone else, even by people who do not share our feelings. If this were not the case, there would be no sense attaching to moral and legal judgments—judgments about the things that are right or wrong, just or unjust—and there would be no plausible function for a "judge." As Reid observed wryly, the person who filled that office "ought to be called a feeler."

Richard Posner established a striking presence as a contributor to the discourse on law as a professor, and he has written extensively even after ascending to a federal judgeship. But in his latest offering, Judge Posner has sought to deny insistently, expansively—at the root—that there is any activity of moral or legal judgment that could constitute a discipline of "judging." Dentists may drill serenely under the assurance that there really is a knowledge of dentistry, and engineers may labor in the conviction that there really are principles for the building of bridges. But Posner is willing to continue in his office as a judge even as he has persuaded himself, unshakably, that there is no science of law, no serious moral philosophy that could furnish an understanding of the things that are in principle just and unjust. Justice Holmes, he thinks, was ahead of his time: he preserved his place as a judge even while intimating the dark truth that "there were no keys" to the understanding of law, either in philosophy or jurisprudence.

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For his own part, Posner is quite convinced that no keys have been found—and, by implication, that none will ever be found.

At the very least, judges must choose among rival claims about the causes that are right or wrong, justified or unjustified. Call it by any name they would, judges must ever be in the business of "moral philosophy." But Posner is adamantly convinced that no body of moral philosophy lives up to its pretensions, and he is even more convinced that "if there is a mechanism for arbitrating between moral philosophies, it is not possessed by judges." What people regard, with a certain conceit, as moral judgments or moral notions "appear to be generalizations or rationalizations of the instinctive emotions." He is confident that Americans today would reject the use of slaves as a means of amassing wealth, but this moral judgment he attributes to an "intuition." And yet, the intuitions of Americans were not always so firmly settled in opposition to slavery. Under those conditions, presumably, there were no independent grounds on which to reach judgments condemning slavery. Nor could we have reached moral judgments about the rightness, or the corruption, of the intuitions that supported slavery. In the same manner, Posner is persuaded that we have now firmed our collective intuitions that racial segregation is wrong. He is skeptical of every strand of reasoning offered in support of the landmark decision in *Brown* v. *Board of Education*; but he is ready to accept that decision as securely settled, beyond the vagaries of our reasoning, because it is safely planted now in a consensus. And finally, with the same sources of conviction, he has no doubt that the Nazis put on trial in Nuremberg deserved to be punished: "It was unthinkable to let those monsters go free...."

But on what grounds can he explain the wrongness of what they did, the wrongness that justifies the label of monsters? Posner registers his own doubts about the Nuremberg trials: "The laws applied by the Allied tribunal were invented for the occasion and thus had not existed (other than as ethical principles) when the defendants had violated them." Still, Posner is inclined to think that, on balance, some sort of trial was justified. But he conspicuously neglects to explain the grounds for this judgment, which he regards as a rather easy call. Does he think that something *in principle* is wrong with genocide—something that always makes it wrong to kill innocent people? Is it wrong then in all places, and are we therefore warranted in casting a judgment, across cultures, on the wrongness of what was done by the Germans?

Posner would reject the claim behind each of these questions. He is convinced that all moral knowledge is local knowledge, and he denies that there are any moral truths that preserve their truth

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in all places. To speak of such truths is to speak seriously in the accents of natural law, and Posner is persuaded, beyond shadings of doubt, that the claims of natural law are irredeemably false. By indirection, then, he is driven to legal positivism; that is, he is willing to regard as lawful and right only those things that have been formally posited or set down in the laws of different countries. For that reason, Posner is placed in an awkward position in regard to Nuremberg. The policies of genocide were made and enforced as part of the laws and regulations of the Third Reich, and the subordinates who carried out those policies could claim that their acts were in accordance with the law. Their acts could be judged as lawless only if we could move beyond the formal tests of law to judge the substance of those acts for their rightness. That would be an appeal, once again, to some version of natural law; but this is a matter that Posner places beyond the arts of judgment: the danger here lies "in imagining that the question whether either body of 'law' was *really* law can be answered [Posner's emphasis]." As Posner finally—and decisively—concedes, he cannot judge between the lawfulness of the Nazis and the standards of judgment applied at Nuremberg. He cannot judge, because he sees no standard for judging.

But then again, neither did the prosecutors at Nuremberg. Justice Robert Jackson, the chief American prosecutor at Nuremberg, offered a distinctly positivist ground for the trial of the Nazis: Jackson suggested that the basis of prosecution was established by the Kellogg-Briand Pact of 1928. In that curious blend of legalism and utopianism, the signatories outlawed "aggressive" war. It was fatuous, of course, to suppose that anything in that document, or that formula, could have explained the wrong done by the Nazis. But the manner in which Jackson cast the prosecution may only bear out the point reflected in Posner's book. By midcentury the most established members of our legal profession had lost their confidence in any argument appealing to the standards of natural rights or natural justice. As Posner remarks, "The law has no nature, no essence.... Today we are all skeptics."

But as Posner knows, it was not always thus in American law. In *Chisholm* v. *Georgia* (1793), the first case that elicited a set of opinions from the Supreme Court, James Wilson could not appeal to any precedents built up from the cases of the Court. Instead, he had to lay the groundwork of judgment in "the principles of general jurisprudence." But before he could do that, he found it necessary to say something about the laws of reason and the grounds of moral understanding. He understood, as Posner would later, that the grounds of legal judgment cannot be separated from the do-

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main of philosophy. And so, before he would invoke any case at law or any commentator on matters legal, he appealed instead to the study of "mind" and the principles of understanding.

To put it another way, the Court would ascend to the task of judgment only after the judges explained that it was indeed possible to judge: Wilson explicitly rejected that "skepticism" in philosophy that denied the possibility of knowing moral truths, as it denied the possibility of knowing anything else. Jurists like Wilson and John Marshall understood, as Immanuel Kant understood, that what we call the laws of morals or the principles of law find their ground in the "laws of reason." Kant once remarked on the perversity of those skeptics who sought to expend their cleverness in "proving by reason that there is no such thing as reason." In a similar way, jurists like Posner persist in denying that there is anything compelling in moral philosophy and natural rights, and yet they keep falling into the logic of natural rights. Posner has sagely commented on those businessmen who use the logic of marginal cost without being aware that they are "doing" economics. But he seems not to notice the jural equivalent: the commentator who measures the coherence and justification of our legal doctrines, who examines the reasoning produced by the courts, but who seems not to be aware that he is using reason at every turn as he tries to settle on the reasons that constitute a justification. We might as aptly ask: Do we use syntax when we order coffee? We cannot seriously talk about the legal judgments that are justified or unjustified without using the "laws of reason"; and we cannot use the laws of reason without backing, once again, into the logic of natural law.

INDEED, it is the specter of natural law that haunts the pages of this book. To his lasting credit, Posner is aware that he confronts the problem at every stage. He understands, for example, that if law is merely the command of the authorities, we may not be able to explain why people are morally obligated to obey the law, especially when it runs counter to their own interests. Something else is needed, something of irreducible moral significance, to explain the rightness of the law, or the wrongness of disobeying it until the law can be changed. That something else, he knows, is "a natural law that underwrites positive law." In rejecting natural law, he knows that the result is "a diminished sense of moral obligation to obey laws, [and] so it will have to be."

But the same problem has not been shown on the other side: the exponents of natural law have been able to make their accommodations with the positive law while preserving their moral ground. Lincoln made a compelling case in natural law that

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slavery was wrong, but he also managed to reconcile that understanding with his commitment to the positive law of the Constitution. The Constitution mandated the return of fugitive slaves, and Lincoln thought himself obliged to honor that mandate. But there was nothing facile or self-serving in his reasoning. The commitment to return fugitive slaves was part of the prudential compromises that had produced the Constitution, and it was an act of prudence at its highest level to preserve the Union under this Constitution—an arrangement that made it more likely to put slavery "in the course of ultimate extinction."

Slavery was one of the oldest institutions in the human record, yet it was long recognized as contrary to natural law. Posner should therefore understand that natural law was not arrived at simply by *generalizing* from the experience of our species. By that measure, natural law would have sanctioned infanticide and incest, since they seem to be persistent, intractable parts of the human experience. Toward the end of the book, however, Posner provides the glimmer of a better understanding; he recalls that Aquinas understood our capacity for reason as the distinctive mark of our human nature. On that basis, commentators could speak of the higher and lower, the better and worse, parts of our nature. And it was possible to build an understanding of natural justice by drawing out the implications of man's higher nature as a rational creature: a being who was free to choose his own acts, and who was led then to reflect on whether the choices were good or bad, right or wrong.

In the meantime Posner himself keeps pronouncing certain judgments about right and wrong that he cannot explain or justify. In this respect, as Henry James would say, he seems to be the victim of perplexities from which a single spark of direct perception might have spared him. Posner is certain that he would want to disallow confessions extracted by coercion. But he also knows that the process of interrogation cannot be cleansed entirely of coercion, and he understands that it could be quite "utilitarian" for a society to produce a number of convictions, regardless of whether the defendants were actually guilty. Yet Posner is disposed to reject false confessions. And he does not doubt that he would seek to avoid hitting a child who appeared in the headlights of his car; in his view, only a madman would pose the question whether he should try to avoid killing the child. Still, with his formidable learning, Posner cannot account for the ground of this judgment, and he has no conviction that it rests on anything more than a conventional belief.

It comes as no surprise, then, that every time Posner gives reason a test in the judging of cases, he concludes the trial quickly,

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without much of a strain, and announces that reason has failed again. And so he can be deft in countering, for example, the attempt by Bruce Ackerman, of the Yale Law School, at defending abortion while rejecting infanticide. Ackerman regards the fetus as beneath the protection of the law because it does not speak, so that it cannot take part in the "dialogue" that constitutes the community. The newborn child is just as deficient in speech, and yet Ackerman cannot see what justification the parents would have for destroying the child, except the "desire to impose pain upon mute creation." But as Posner aptly asks, why should they be obliged to justify their decision here any more than they would need to justify the destruction of the child in the womb? Why should they have to give a reason, "any more than people who wanted to destroy rather than to eat their manna would have to give a reason"?

But there Posner stops, without taking the question to its next, obvious level: Why should it not suffice for the parents to say that they simply don't want the child? If that "reason" was sufficient to justify the abortion, why is it insufficient now? What is there, in the difference between a child nine months after conception and a child one day older, that can possibly entail such a radical shift in the need to supply a justification? Posner knows, of course, that we could never justify killing a child on the ground that his parents did not want him, or that he was a strain on the finances of the family. But in that event, why is it somehow more inscrutable to judge the adequacy of the same reasons for destroying the child in the womb? Posner knows that nothing in these questions lies beyond the wit or competence of a judge. But in that case, how can he account for the surety of his judgment—avowed persistently throughout the book—that the question of abortion lies outside the domain of reason altogether?

The result of Posner's sojourn in jurisprudence is to describe an epistemology that links him in the most curious way to the most implausible allies. Posner must be regarded as one of the most notable conservative judges, yet he is far closer to Richard Rorty and the dogmatic relativists of the Left than to John Marshall and to judges like Stephen Field, who defended the principles of a free economy. Marshall had no doubt that the right to engage in contracts and promises is a natural right, and Field made an eloquent case for the freedom to engage in an ordinary, legitimate calling as a matter of natural right. In contrast, Posner is quite persuaded that "the individual's 'right' to property is not 'natural.' " Of course, the old jurists never thought that a natural right to property entailed a "right to do a wrong." Even the legendary Rufus Peckham under-

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stood that the freedom to contract could not encompass "a contract to let one's property for immoral purposes." People could not rightly enter contracts for prostitution, and the courts would not enforce contracts for murder. In other words, even the so-called laissez-faire judges did not look to the marketplace for their measure of propriety. They assumed that the law would be in place to fulfill its mission: to mark the difference between the legitimate and the illegitimate, between the kinds of goods and services that may and may not be offered, properly, in the marketplace. The right to be free to make a living was merely part, then, of the right to be free in all other dimensions of our lives to pursue legitimate projects. Posner would reach the same conclusions about freedom in the economy, but without the same reasons that furnished a moral ground for that freedom. And so he might use his considerable talent today to show that rent control is likely to produce results quite adverse to the public interest. But his counterparts on the bench in an earlier day were able to explain what was wrong in principle with these controls, even if they happened, on occasion, to "work."

IT IS HARD to be in the presence of Richard Posner, or his writings, without learning. He says, in this book, many wise things about the ways of judges, and I am persuaded that, in his commentary on judges and their handling of several important issues in our politics, he has it, cannily, right. It has been widely remarked recently that Robert Bork left a "paper trail," and that David Souter has not. In the case of Posner, a paper trail would be a massive understatement: it would be hard to leave one's house and venture into public without encountering some of his writings. But in an odd way, we know less of him than we know of David Souter. We have a rather precise sense of the law that Posner would shape and sustain in the field of antitrust. But when it comes to his judgments on the issues that have been vexing our law and politics—issues such as abortion or affirmative action—his writings do not leave us with a clear sense about the grounds of his judgments. We may infer something about his inclinations, but as he shows in these pages he is capable of churning out reasoning that would place him, literally, anywhere on these matters. It is not merely that his final position, in any case, is not certain; it is rather that we do not know where his judgments are anchored. Perhaps this suggests a lesson that Posner himself may confirm: one can write at length on matters of jurisprudence, while at the same time becoming less confident and less clear about the grounds of one's own judgments. If Posner could be elevated, by

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magic, to the Supreme Court, without the hazards of the confirmation process, that institution would no doubt become a more interesting, charged place. But ironically, he would be, for liberals and conservatives alike, far more of an unknown—far more of a wild card—than David Souter.

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The Productivity Perplex

ALLAN H. MELTZER

***William J. Baumol, Sue Anne Batey Blackman, and Edward N. Wolff*: Productivity and American Leadership: The Long View.** *MIT Press. 408 pp. $29.95.*

IS AMERICA in decline? To listen to most commentators, one would think that there is no longer any question about it; an out pouring of books, articles, and speeches proclaims our descent. Problems such as drugs, crime, educational failures, and a low savings rate combine with our persistent trade and budget deficits to support these proclamations. According to a recent Harris poll, most Americans believe that our nation is on the way down.

Alarmists claim that America has lost many high-paying jobs—particularly in manufacturing industries—to foreign countries. Though the past decade saw the nation's unemployment rate fall to (and remain at) the lowest level since the early 1970s, the new jobs are said to be in poorly paid service industries. America, the critics report, is becoming a nation of hamburger flippers.

Hyperbole of this kind may be no more than political rhetoric. Like the alleged missile gap that disappeared the day after President Kennedy's inauguration, the "competitiveness gap" too may pass quickly. But that seems unlikely. If we believe the measures, productivity growth *has* slowed, and manufacturing employment *has* declined. Overall U.S. productivity remains the highest in the world, but Japan, Canada, and several European countries are catching up. And in several industries, U.S. firms are no longer the productivity leaders. Critics see this slowdown of productivity growth as a serious threat to America's position as a world leader.

Amid such pessimism, it is refreshing to read *Productivity and American Leadership*, a careful study that warns against overreac-

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tion. William Baumol, one of the book's authors, was among those who noted that the post-1970 slowdown in productivity growth limited America's role as a world power. But Baumol and his coauthors, Sue Anne Batey Blackman and Edward N. Wolff, now examine the evidence for a longer period and reach a different conclusion:

> Very preliminary inspection of the evidence initially convinced us that the United States had indeed experienced a sharp and sustained decline in its productivity growth[,] ... threatening grave consequences for the nation's future. Closer study of the facts has, however, forced us to acknowledge that this widely accepted judgment is simply incorrect.

The authors acknowledge that productivity growth has slowed in the U.S. But it has also slowed elsewhere. Much of the decline in our relative position, the authors contend, has resulted from the tendency of productivity levels in developed countries to converge. Productivity gains are easiest when another country has already paved the way. But now that the gap between America and its followers has narrowed, gains have become harder. Foreign countries are seeing their own productivity gains decrease as they approach the U.S. level.

Baumol, Blackman, and Wolff have much less to say about why U.S. productivity is no longer growing as fast as it was in the years immediately after World War II. Their main explanation is that the early postwar productivity surge was a special event, possibly the result of improvements delayed by the years of depression and war. "There clearly has been a short-term slowdown," they write, "but the evidence suggests that it is merely the end of an extraordinary period of postwar growth—a return toward normal growth rates—that was experienced in all industrial countries."

Angus Maddison has provided some of the best available estimates of output and growth in developed and developing countries. According to his most recent data,[1] the U.S. share of developed-country output was 42.6 percent in 1987, unchanged from its 1973 level. Though this share is below the 52.3 percent of 1950, it is above the 41.8 percent of 1913 and the 36.9 percent of 1900. Apparently the U.S. is declining only relative to the early postwar period, when Europe and Japan were still devastated. (German and Japanese output did not regain the prewar level until 1953.)

Having concluded that America is not suffering any overall long-run decline, Baumol, Blackman, and Wolff check the evidence to see whether we are losing our position in key industries. They examine trends of productivity growth in eleven major

[1]Angus Maddison, *The World Economy in the 20th Century* (Organization for Economic Cooperation and Development, 1989).

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sectors, and find that four sectors—mining; retail trade; finance, insurance, and real estate; and construction—show relatively large declines in productivity growth. They then analyze a finer breakdown into subsectors. The vast majority of the sixty-five subsectors show a stable growth rate. The evidence leaves the overwhelming impression that American productivity is increasing steadily. In only six subsectors is productivity growth declining at all. None of the six is a manufacturing industry.

One strain of the alarmist argument emphasizes the loss of manufacturing jobs in America. But the authors' evidence does not give great cause for concern. The durable-manufacturing sector shows a large *increase* in productivity growth. Part of the loss of manufacturing jobs, in fact, is the result of rising productivity; fewer workers can now manufacture more goods.

Another part may be a mere statistical artifact. If a manufacturing company hires its own attorneys, janitors, or other service workers, employment in the manufacturing sector increases. If the company instead purchases these services from independent firms, service-sector employment grows relative to manufacturing employment. Firms have many incentives to purchase services from outside contractors: they may want to avoid union trouble, to minimize the number of employees eligible for health care and other benefits, or to cut down on supervisory costs. Thus it is possible that the loss of "manufacturing" jobs may be offset by the creation of similar jobs in small service-sector companies. The authors, however, do not investigate this possibility.

They *do* show that much of the apparent increase in the service sector's share of aggregate output is explained by the fact that prices have risen faster in the service sector than in the manufacturing sector. More generally, the authors show that current measurement techniques systematically exaggerate the size of the service sector in all developed countries. As incomes rise, wages paid in the service sector also tend to rise (though they may lag behind the general wage level). But the amount of time required to provide many services (e.g., teaching) changes very little, and so the relative prices of services increase as economies develop. As a result, expenditures on these services rise faster than per-capita income. Taking account of this effect weakens the relation between economic growth and the size of the service sector.

THE AUTHORS also show that service-sector employment is not increasing faster in the U.S. than in other industrial countries. Between 1965 and 1980, in fact, the service sector's share of total employment grew more slowly in America than in any of the

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other nineteen largest developed market economies, with the exception of New Zealand. And the relative size of the U.S. service sector in 1980 was only marginally above that of several other wealthy countries.

In all developed economies, expenditures on services have risen, as has the service sector's share of the labor force. Some critics argue that these trends will bring productivity growth to a halt, but the authors reject this contention. They show that productivity in the more progressive service industries has grown at nearly the average rate for the entire economy. For some services, productivity *is* stagnant, and as overall productivity increases, a rising share of the labor force shifts toward the stagnant sectors. But since total productivity is an average of the progressive and stagnant sectors, they argue that the average long-term rate of productivity growth may remain constant—as it is doing in the U.S.—even if the share of the labor force in the stagnant sector increases.

A problem with this argument is that the definitions of a stagnant sector and of output are also less clear-cut than the authors suggest. As an example, the authors mention a concerto performance. The length of time required to play the concerto never changes. But the quality of the performance may improve and technology may expand the size of the audience. If output is measured in terms of the time required for a single performance of the piece, then productivity is stagnant, as the authors note. But if output is measured by the size of the audience or the quality of the performance, then productivity increases with the availability of radio, television, and records. The incomes of maestros (or athletes) reflect rising demand for the service, and hence rising productivity as measured by the size of the audience served.

Along with the loss of manufacturing jobs and the slowdown in productivity growth, critics frequently cite the nation's low rates of saving and investment as signs of America's decline. The decisions to save and to invest are principal sources of productivity growth. But Baumol, Blackman, and Wolff again find against the alarmists. America's savings rate, they suggest, cannot fairly be compared with the high rates prevalent in newly developing economies; in Japan the high rates are proving to be transitory, and the authors agree that other countries will have the same experience.

Nor do the authors find cause for concern in countries that have long been developed. Baumol, Blackman, and Wolff conclude that "the bulk of the widely reported differential between the rates of capital formation of the United States and its industrial competitors is illusory—an artifact of poor methods of measurement.... [T]here is much less ground for concern about the

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savings-investment record of the United States than has often been supposed." As the authors recognize, prices of investment goods differ across countries. When allowance is made for these differences and for other problems of measurement and comparability, the true differences in investment rates among industrial countries are small, and the U.S. does not appear to lag far behind.

The authors reach this conclusion despite their focus on "net" investment—gross investment adjusted to reflect depreciation. Conventional measures show clearly that the growth of net investment in America is slowing. But despite the intuitive appeal of the net measure, recent research has shown that gross investment is probably a better measure of capital formation in America.[2] U.S. gross investment has not slowed noticeably.

The authors do not set out to deny that the long-run productivity problem may be real. Nor do they believe that productivity growth is either unimportant or automatic. They are cautious in interpreting their evidence about the convergence of productivity, for history shows that in past centuries other productivity leaders—Northern Italy, the Netherlands, Britain—were successfully challenged. Indeed, even if American productivity continues to grow at a steady rate, other countries may exceed that rate or may converge toward the U.S. rate at a higher level of aggregate productivity and income. They may also take over leadership of particular industries, and to some extent they have already done so (though the authors do not explore this issue by computing the rates of productivity growth in particular sectors of the leading foreign economies). As the authors note and as Maddison's data suggest, the dominant position of U.S. industry in the early postwar years was extraordinary. In fact, for much of the period since 1880, peacetime productivity growth in America has been slower than in many other countries.

Indeed, the authors present one calculation—based on the assumption that all countries continue to converge gradually toward the U.S. growth rate—predicting that by 2020 America's gross domestic product per hour worked will rank ninth of sixteen industrial countries, about even with Finland's and considerably below Germany's, France's, Japan's, and Italy's. Of late productivity growth in many of these countries has declined more than this calculation assumes, and so the authors suggest that there is reason to doubt the projection. An alternative calculation,

[2]See Frank de Leeuw, "Interpreting Investment-to-Output Ratios: Nominal/Real, Net/Gross, Stock/Flow, Narrow/Broad," *Carnegie-Rochester Conference Series on Public Policy*, vol. 32 (1990), pp. 83-120.

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however, still places U.S. per-capita output sixth in 2020, at only 61 percent of the Japanese level. Such calculations testify to the power of persistent small differences in annual productivity growth. Though hard to predict, these differences help determine long-run changes in living standards.

IN SHORT, Baumol, Blackman, and Wolff recognize that there is enough doubt about rates of current and future productivity growth, both at home and abroad, to leave ample room for ambiguity about America's future position in the world. Since the authors suggest that maintaining U.S. world leadership should be an important goal, they recommend some measures to increase the rate of productivity growth to 3.1 percent from the 2.3-percent annual average of 1950-1980. These measures are aimed at increasing the investment rate, encouraging research and development, improving the education of the labor force, and redirecting entrepreneurial activity. Many of the authors' specific proposals—such as indexing the capital-gains tax, giving basic research more long-term support, removing antitrust restraints on joint research ventures, and improving educational opportunities for minorities—could be worth enacting even if they did not boost productivity growth. The authors also make the novel proposal of granting tax rebates to corporations based on their rates of productivity growth, as measured by a moving average of the growth rates of their real profits.

The book suffers from its poor treatment of America's role in the world. The title suggests that the authors will relate productivity to America's political and economic leadership of the world economy and polity. The authors, however, say little about leadership, and what they do say is not very helpful. They fail to relate American leadership to the postwar institutions that contributed to the relative peace, prosperity, and growth of the postwar years. Yet without the General Agreement on Tariffs and Trade, the expansion of world trade and the resulting improvement of world living standards would almost certainly have been smaller. Without the European Economic Community and the Marshall Plan, European postwar expansion and production would almost certainly have taken a different path. Without NATO and other U.S. commitments to collective military strength, nations would probably have devoted less energy and fewer resources to peaceful pursuits.

U.S. leadership was not always wise or farsighted, but it established and maintained a political and economic system, based on competition and open markets, under which living standards rose dramatically. The authors do not examine the critical issue that

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one expects them to confront: Will these public goods survive a decline in America's relative position in the world?

Still, Baumol, Blackman, and Wolff have carefully summarized major parts of the long-term historical record of growth and development in America and other countries. As a result, their book is much more balanced than many of the more alarmist (and more popular) tales of America's decline.

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Race and the Constitution

DIANA SCHAUB

***Robert A. Goldwin and Art Kaufman, eds.*: Slavery and Its Consequences: The Constitution, Equality, and Race.** *American Enterprise Institute. 181 pp. $27.00 cloth, $13.25 paper.*

***Robert A. Goldwin*: Why Blacks, Women, and Jews Are Not Mentioned in the Constitution, and other unorthodox views.** *American Enterprise Institute. 183 pp. $16.95.*

IN a chapter of *The Spirit of the Laws* entitled "Of the Slavery of the Negroes," Montesquieu presents all the standard justifications—economic, political, and religious—for race slavery. He speaks, ostensibly, in his own name, saying: "Were I to vindicate our right to make slaves of the negroes, these should be my arguments." The conditional form of this opening sentence, however, serves to alert the reader to expect some ironic distance between Montesquieu's own views and the "arguments" offered. For instance: "The Europeans, having extirpated the Americans, were obliged to make slaves of the Africans, for clearing such vast tracts of land," or "These people are all over black, and with such a flat nose that they can scarcely be pitied," or "It is impossible for us to suppose these people to be men, because, allowing them to be men, a suspicion would follow that we ourselves are not Christians." Rather than sermonize on the injustice of slavery, Montesquieu mouths the self-incriminating arguments of slavery's proponents. Stripped of all euphemism, these justifications appear for what they are: brutal, prideful, and absurd.

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In some sections of the young American republic, the arguments that Montesquieu so mordantly lip-syncs were given full-throated voice. Eventually, in the 1857 *Dred Scott* decision, Chief Justice Taney, speaking for the Supreme Court and thus in a certain sense for the nation as a whole, declared that the Declaration of Independence did not include Negroes in the term "all men"; as "beings of an inferior order ... they had no rights which the white man was bound to respect." It was as Montesquieu had predicted: Taney sought to clear both his own and the founding generation of the charge of hypocrisy (Montesquieu's "suspicion ... that we ourselves are not Christians") by writing black people out of the human race, denying to them man's common birthright.

Taney's ruling, though it entered the books, did not pass so easily into the public mind, there to establish itself as a political rule. Many thought that the Taney Court had traduced the nation's founding principles and documents. "This judicial incarnation of wolfishness" was how Frederick Douglass described the decision. Abraham Lincoln's opposition to the line of reasoning in *Dred Scott* figured prominently in his debates with Stephen Douglas—debates that stand as the most significant agonistic exchange in American history. The rebuttals of Abolitionists and Republicans, however, proved insufficient. It took a civil war to overturn *Dred Scott* and to reassert the theoretical inclusiveness of the Declaration's truths and, at long last, to begin to realize that inclusiveness through the emancipation and enfranchisement of blacks.

DESPITE the rather decisive check suffered by the Taney interpretation, the controversy over the intent of the Founders with respect to slavery and over the place of slavery in the Constitution continues. The issue is joined again in the volume of essays *Slavery and Its Consequences: The Constitution, Equality, and Race*, as well as in the title essay of Robert Goldwin's *Why Blacks, Women, and Jews Are Not Mentioned in the Constitution, and other unorthodox views*.

While Goldwin and others defend the constitutional order of 1787, William Wiecek's essay in *Slavery and Its Consequences* rejects "any spuriously liberal past" and asserts that "in 1787 slavery was wholly compatible with the American constitutional order; indeed, was an essential element of it." Wiecek is representative of today's liberal scholars who have pulled from the dust bin of history the arguments of yesterday's proslavery advocates. But even when refurbished and put in the service of other, more progressive sentiments and causes, the Taney thesis retains something of its original ugliness.

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So embedded does Wiecek find slavery to have been that he looks upon the various attempts to loosen or dislodge it as nothing short of revolutionary. According to him, the antislavery movement was extra-constitutional in its origins, its goals, and its methods. Of course, the antislavery movement was by no means unified; it contained both the perfervid Garrisonian abolitionists who denounced the Constitution as a "covenant with Death" and the "constitutional utopians" who believed that the natural-law basis of the Constitution made it a powerful instrument for freedom. It contained as well the political-action men, gradualists who saw in principled partisanship (beginning with the Liberty Party and culminating in the broader-based Republican Party) the means to restrict and eventually eradicate slavery. Wiecek's judgment, however, encompasses all of these. "Each of these antislavery responses," he concludes, "was a divergence from the letter and spirit of the Constitution of 1787." For him, "[t]he only true exposition of the framers' Constitution" was in the "doggedly consistent proslavery policy" of the Northern Democrats. In other words, Wiecek believes that the mantle of the Founders belongs to the "doughfaces"—politicians like Pierce and Buchanan who were despised even in their own day as "northern men with southern principles."

Wiecek's essay is sandwiched between two others, contributed by Don Fehrenbacher and the late Herbert Storing, whose burden is to defend the Founders and their handiwork. These mutually reinforcing defenses never resort to whitewash to counter the tar-and-feathers of the critics. Both authors recognize that the Founders did indeed compromise with slavery. "No union with slaveholders" (the motto of the antinomian wing of abolitionists) is, after all, not a suitable guide for politically serious men. Principled action in the drafting of a new plan of government meant something more complex, more morally discriminating: No compromise with respect to the wrongness of slavery. Thus, while the Founders, in order to secure the Union, accorded a measure of protection to the existing evil of slavery, they also, by careful draftsmanship, withheld from it moral approval. Because the Constitution did not sacrifice the principle of human equality, American practice would one day be brought into conformity with American principle. As Lincoln repeated time and again, the anomaly of slavery had originally been dealt with in such a way that "the public mind shall rest in the belief that it is in the course of ultimate extinction."

Through detailed discussions of the constitutional provisions relating to slavery—the three-fifths clause, the importation clause,

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and the "fugitive slave" clause—both Fehrenbacher and Storing show how the Founders were able to grant specific concessions to slavery while at the same time placing the institution within a physical and moral quarantine. The Founders' intention is clearest in the case of the importation clause: in the short term this provision granted a twenty-year reprieve to the slave traders and, doubtless, strengthened slavery simply by increasing the number of slaves in the new nation; nonetheless, the lasting legacy of the clause was to provide for the abolition of this commerce in stolen peoples. Moreover, at the time of the Founding the African slave trade was widely believed to be the lifeblood of domestic slavery; the provision for action against it indicated the Framers' desire to strike at slavery itself—not immediately perhaps, but decisively. Fehrenbacher and Storing's research confirms Frederick Douglass's final pronouncement on the Constitution:

> I hold that the Federal Government was never, in its essence, anything but an anti-slavery government. Abolish slavery tomorrow, and not a sentence or syllable of the Constitution need be altered. It was purposely so framed as to give no claim, no sanction to the claim, of property in man. If in its origin slavery had any relation to the government, it was only as the scaffolding to the magnificent structure, to be removed as soon as the building was completed.

But as both authors acknowledge, something had gone awry, with the scaffolding threatening to obscure forever the building's true lines. Fehrenbacher draws attention to the gap between intention and execution, between the Constitution as written and as lived. Fehrenbacher points out that "an often tacit proslavery interpretation of the Constitution was predominant in the operation of the federal government from 1789 to 1861." The combination of Southern intransigence and Northern indifference (or worse)—what the Conscience Whigs referred to as "the slavepower conspiracy"—resulted in the establishment of slavery in the District of Columbia, where the exclusive jurisdiction of Congress could have forbidden it; the State Department's willingness to assist slave owners in recovering runaways from Mexico and Canada; the employment of slave labor on federal construction projects; and, most importantly, control of the Supreme Court by men who sought to nationalize slavery and who were prepared to rend the Constitution and the Union to accomplish it.

Whereas Fehrenbacher finds a proslavery gloss being imposed on the Constitution almost from the beginning, Storing seems to regard this as a later development, connected with the hardening of sectional proslavery sentiment in the 1840s and 1850s. But minor differences in chronology aside, the major difference between Fehrenbacher and Storing lies in how they account for the gov-

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ernment's increasingly proslavery bias. Fehrenbacher talks of "inertial tendencies," "the doughface syndrome," "the development of a national party system," and "incremental decision making that was usually perfunctory and unreflective"; in other words, he blames the ordinary vices of men and institutions—laziness, moral cowardice, unprincipled ambition, stupidity, and so forth.

Storing's critique is much more radical. "The problem," as he explains it, "is not that [the Founders] betrayed their principles, the common charge; the problem lies rather in the principles themselves." Storing traces the

> tendency, under the principles of the Declaration of Independence itself, for justice to be reduced to self-preservation, for self-preservation to be defined as self-interest, and for self-interest to be defined as what is convenient and achievable ... American Negro slavery, in this ironic and terrible sense, can be seen as a radicalization of the principle of individual liberty on which the American polity was founded.

Although he cites Jefferson, Storing—oddly enough—makes no mention of Lincoln in this context. During his battle against Stephen Douglas's doctrine of "popular sovereignty," Lincoln sought to avert precisely this collapse or constriction of justice into Thrasymachean selfishness. He did so by means of a sort of counter-radicalization: Lincoln recovered and expounded anew the meaning and truth of our constituting charters. By interpreting the Declaration's self-evident truth not just as the starting point for civil society but also as its goal, and then by interpreting the Civil War as the blood price of the nation's iniquity in flouting the Declaration, Lincoln hallowed that document and consecrated the nation to its fulfillment. Lincoln, one might say, is Jefferson made sublime.

THE SECOND HALF of *Slavery and Its Consequences* addresses itself to the consequences of slavery. During our second century this was known as "the Negro problem"; put in noninvidious terms, it is the question of what meaning equality should have for us. In his chapter "Equality and the Constitution: A Study in the Transformation of a Concept," Kenneth Holland outlines the history of our creedal concept, moving from the understanding expressed in the Founding and in the Reconstruction Amendments to contemporary attempts to justify ameliorative racial preference and a constitutional right to welfare. His straightforward account hinges on the familiar dichotomy: equality of rights and opportunity versus equality of result.

In witness to this transformation, Robert Sedler writes as an unabashed advocate of a policy of reverse racial discrimination, with

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governmentally administered redress to continue until we reach the "equal participation objective." The only drawback to mandated color-consciousness that Sedler can envision is "unfairness," that is, "the injury to these individual whites." According to his sophistical moral calculus, however, such costs are not prohibitive. Sedler forgets that individual whites, like individuals of other complexions, possess individual rights that governments are instituted to secure—not to weigh and find wanting. If rights become solely a matter of bureaucratic determination on grounds of social utility, then the rights of all are endangered.

The sort of intrusive social engineering recommended by Sedler to expunge the last vestiges of slavery's legacy entails other dangers as well, and Glenn Loury powerfully elaborates them. Loury's essay, " 'Matters of Color': Blacks and the Constitutional Order," contends that attempts to extend judicial and legislative remedies into the realm of private and social life have slim chances of success and risk dissolving whatever measure of racial accord does prevail. Loury wonders how long blacks can rely on the evocation of collective guilt to suppress the natural democratic resentment of the majority at the self-interested assertion of minority privilege. The quest for group privilege may threaten the hard-won security of minority rights (rights that belong to minorities not as members of a minority, but as individuals). Loury's overriding concern, however, is not with the possible resurgence of white contempt, but with the self-hatred fostered by the assumption of "victim" status by American blacks. He condemns the current generation of black leaders who have embraced this self-defeating strategy; and in tones reminiscent of earlier black statesmen and poets, he issues a summons to self-emancipation.

Loury's reflections, which have as he says a "sociopolitical" cast (and a partial cast as well, inasmuch as his message is directed ideally to fellow blacks), are deepened and made more comprehensive by William Allen in "A New Birth of Freedom: Fulfillment or Derailment?," the strongest and central essay of the book. Equality and consent: these are the doubly demanding requirements of republican self-government. Allen explores their proper articulation through a discussion that moves from a review of the constitutional status of slavery in the Founding period to a reconsideration of the Supreme Court's handling of the question of race in the *Brown* decision. While applauding the Court's reaffirmation of America's commitment to equality in *Brown*, Allen faults the Court for its "neglect of the need to rely on ordinary political processes [i.e., consent] to produce results in accord with the rule by which we govern ourselves." Because "it has yet to accept Lincoln's faith in

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the sufficiency of the consent of the governed," the Supreme Court has had difficulty elaborating a just constitutionalism. It has, in fact, undercut the experiment in popular government by departing from its role as the preceptor of the people and establishing itself as the Lord Protector of "discrete and insular" minorities.

Despite this sundering of republican principle from republican process, Allen urges optimism. Surely it should be easier today than at any time in the past to find the virtuous mean between equality and consent. The distance between the two poles of democratic self-governance has contracted dramatically; in place of the antebellum "federal consensus" to protect, defend, and perpetuate slavery in the states where it existed, there is now a firm consensus in favor of equality. As Allen states:

> With a proper regard for the ethical imperatives of equality and consent, we can ensure that the victories we have already gained will eventuate in the fulfillment of that new birth of freedom to which, in 1863, Lincoln gave witness of his people's resolve.

That consensus, however, must become active. If the governed wish to be self-governed they must recover the initiative in the achievement of full political and social integration.

AS PART of its bicentennial project "A Decade of Study of the Constitution," the American Enterprise Institute has published a series of volumes, the seventh of which is *Slavery and Its Consequences*. Robert Goldwin, co-editor of these volumes and director of constitutional studies at AEI, has also released his own collection of essays, *Why Blacks, Women, and Jews Are Not Mentioned in the Constitution, and other unorthodox views.*

The title essay is "a lesson in how to read the Constitution on subjects it doesn't mention," but which are matters of constitutional controversy for courts and legislatures today. In his discussion of the Constitution's stance toward blacks, Goldwin is particularly concerned with the standard charge that the three-fifths clause comprised a denigration of the black man's full humanity. By returning to the record of the debates in the Constitutional Convention, Goldwin shows that it was the Southern delegates who argued for counting blacks equally with whites. If the democratic principle of number, and not wealth, was to be the rule of representation, then slave holders had an interest in seeing to it that their "human property" was fully weighed by the census. It was the delegates from non-slave states who opposed counting slaves either fully or fractionally, both because they sought to lessen the power of the "slaveocracy" and because they did not want to pervert the idea of representative democracy by assigning representatives on

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the basis, in part at least, of a state's slave population. Had blacks in fact been counted equally with whites, there would have been a direct correlation between the number of a state's slaves and the amount of its power in the new government.

Although the three-fifths rule was a compromise between proslavery and antislavery forces, Goldwin insists that the humanity of blacks was not at issue. The question was voting power in Congress, and whether the North or the South was to predominate. As Goldwin points out, in the three-fifths clause itself slaves are unambiguously referred to as "persons." The contrast drawn is between "free persons" and "all other persons." In other words, it was the situation of slavery, not the fact of color, that the Constitution sought to address. Frederick Douglass, for instance, concluded that the three-fifths clause amounted to "a downright *disability laid upon the slaveholding States; one which deprives* those States of two-fifths of their natural basis of representation." The three-fifths clause "leans to freedom"; slaves were discounted not in prejudice to their humanity, but in defense of human freedom—a freedom in which blacks, under the principles of the Declaration and the Constitution, would one day share.

In this title essay Goldwin has revived and extended a method of constitutional argument—the argument from silence—used extensively by the non-Garrisonian abolitionists, and most outstandingly by Frederick Douglass: "Abolish slavery tomorrow, and not a sentence or syllable of the Constitution need be altered." Goldwin's exploration of the Constitution's significant silences reveals the liberating potential of the document and helps explain its ability to continue to serve as the structure of our common life. The foundation of natural right on which the Constitution was built was naturally expansive; the silence of our founding charter on human particularity (race, sex, and religion) is not symptomatic of an intention to exclude minorities, but rather is the sign of the Constitution's aspiration to universality.

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